DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

January 3, 1961

Over the New Year Holiday, there was considerable excitement at Laos. The entry of Red Chinese troops was reported and the Nationalist forces made such strides that a good many people became worried that there might be another Korea in the making. There are two kingdoms and two republics which now occupy that portion of the peninsula jutting south from China and into the South China Sea, which was once French Indo-China. The history of Laos since 1954 has been one of constant struggle between right-wing and left-wing elements, with neutralist and pro-western governments succeeding each other with intermittent regularity. The general lineup was established by a nine-power conference which met in Geneva in 1954 to put an end to eight years of war, in which French control of the area had crumbled. Our country, together with Britain, France, Russia, and Red China, was among the participants in that conference. We still doubt very much whether all the confusion which exists at this time will lead to war, but it does make for a very tense situation.

The stock market was not too much influenced by these events but grains, which generally respond more quickly to the possibility of a conflict, showed a very nervous tone this morning, with soybeans advancing as much as 5¢ per bu, although the advance in other commodities was more gentle. After the close of the market last Friday, the parity figures were released for mid-December and the parity ratio remained at 81, which was 4% higher than a year earlier. Wheat parity advanced 1¢ per bu, and the soybean parity rose 3¢, but we doubt whether this was very much of an influence on our market this morning. It seems that generally lower clothing prices during the month, together with reductions in the price of building materials and most food items, dropped the living index one point but this was partially offset with higher prices paid for used cars.

According to Broomhall, Australia is entering the new calendar year with wheat supplies that may surpass any prior year by a considerable margin, and which is likely to present a very difficult disposal problem. During the past year, the Wheat Board officials in that country have stepped up efforts to obtain outlets abroad with rather good results, and further intensification of such efforts appears to be a foregone conclusion. The surplus alone from the new crop which has just been harvested is tentatively calculated at around 170 million bu, and, of course, to this must be added another 50 to 60 million bu in the carryover reserve from previous crops. In any event the total will be far in excess of any single year's export by that country. An interesting development was a report that 240,000 tons had been sold to Red China. We have heard in recent weeks and, in fact, as early as last summer, that China had undergone a severe drought and blight, and the various reports circulating at the present time strengthen the belief that Australia may furnish a considerable amount of wheat to China in the months ahead. In contrast to the fine crop outlook in Australia, Argentina has experienced a very unfavorable growing season, and as a result wheat exports from that country will fall off sharply this year to one of the smallest totals for many years. It is quite possible that no more than 10 to 20 million bu will be exported from Argentina during the entire crop season.

Chicago wheat stocks showed a heavy decline during the week and a decrease of 823,000 bu leaves about 8 1/2 million bu here including the amount afloat. In spite of this, March wheat was relatively weak on profit taking, but old crop months made a season's high. Additional barges of red wheat moved from here to the Gulf. Late in the session when the stock market turned weak, there was buying in all pits, and coarse grains were strong in sympathy with other cereals. Beans, of course, acted the best and held most of their gains. There was some talk that Russian exports were fairly liberal. Apparently that country sold nearly 5 million bu of soft wheat to Italy. There was also an $8 1/2 million sale of wheat to the U.K. according to one of our good sources, and other business seems to be pending. Excessively wet weather is reported in many European countries, and it looks as though fall sown acreage will be considerably below earlier expectations. After the close of the market mills are expected to submit offers on flour for relief with awards due Friday. It will be the largest export relief purchase ever made by the CSS. India bought 50,000 tons of Pacific Coast white wheat for February shipment. It is said in some quarters that the new Administration may seek higher farm supports. This strengthened new crop wheat futures.

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CHICAGO, 4 January 4, 1961

U. S. problems abroad were intensified last night when relations with Cuba were formally discontinued. Marketwise this should be of no significance but it is a disheartening event when a neighboring country, with whom we have carried on friendly relations for so many years, succumbs to a mad dictator such as Castro, and closes its door in our face. This is a sad commentary on intellectual progress in our modern world, especially in an era when such horrible devices as nuclear weapons are within such close reach of many unstable leaders. Though the fighting continues in Laos, news was somewhat more encouraging this morning, but the implications are that if a long battle should ensue, eventually this could mean partial intervention by American forces. Assuming our fleet would be involved normal shipping lanes used by the Communists through the Sea of China might be halted, which could mean the stoppage of Manchurian soybeans flowing between that country and others. For this reason our market was strong yesterday and will be influenced by news emanating from that part of the world.

It is interesting that two theories have been held by some traders, which kept them out of the soybean market. First, the tremendous rise in the open interest has led many to believe that technical conditions would make prices vulnerable, whereas in reality statistics are the most decisive feature. Presently the number of open contracts is about equal to half the entire crop, which is a record-breaking amount. In the second place, the products, though quite firm, have lagged well behind the raw material, which has impaired processors' conversion margin. Nevertheless, crushings have been maintained at an excellent rate, so there still is every reason to believe that USDA projection of 400 million bu of beans turned into products will be at least approached while exports are running even better than last year's rate. Temporarily, the market may have reached some of the longer-range objectives, and the present price might largely discount some of the bullish factors that have yet to be consummated. We would, therefore, suggest some profit-taking, as seldom does any market go steadily in one direction without some corrective action.

We had an erratic opening in May wheat this morning and though buying was not heavy, offerings were almost nil, and partial correction quickly occurred. Yesterday's strength was almost entirely in new crop months in the expectation of higher support prices being established by the new administration, but we would think this rather unlikely for 1961 crop wheat, as winter acreage has been planted on basis of last year's minimum loan, which has again been established. The anticipation of heavy first-hand liquidation in the new calendar year failed to materialize fully and at the same time export demand continues prominent with a fair amount of business in the offing, which is likely to keep cash markets strong. Another 40,000 bu red wheat was loaded in Chicago for shipment to the Gulf bringing the total to 1,872,000 bu in recent weeks.

It might be noted that the four principal exporting countries had a total of nearly 4.3 billion bu of wheat for the 1960-61 season, which is 340 million more than last year and the largest of record. Most of the increase is in the U.S., and as a matter of fact, Argentina may have no surplus to sell in the world market in the coming year.

Primary receipts of wheat amounted to 1,056,000 which is larger than 743,000 last week, but less than 1.7 million bu of a year ago at which time farm selling was heavier than it is at present. Kansas City and Minneapolis stocks increased 161,000 bu so far this week.

The volume of trade was heavy again this morning with grains sharing the news a little more with soybeans. As a matter of fact, wheat, though off from its highs at the opening, stayed strong throughout the session including new crop months. Corn and oats both rallied even though there was little news to guide them. Free supplies of the yellow cereal in Chicago are fairly large and we doubt whether feed grains will get very much stronger at the present time despite the fact pressure is normally light during the winter months. Soybeans were erratic governed by more favorable news from Laos indicating that the pro-Western government troops had made some gains. Soybean exports last week amounted to 3 1/4 million bu, up 1/2 million from a year ago, and since October 1st are almost six million better than last season's rate.

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CHICAGO, 4

January 5, 1961

It is a sad travesty in this country, or for that matter in any other country, that efficiency in labor is only accomplished when there is some unemployment. In other words, people do not work as eagerly when jobs are plentiful and when they can change from one industry to another without sacrifice. Full employment must be accompanied by some inflation. Stable prices can be had only if the nation is willing to endure the unemployment it requires. There is no satisfaction gained from the fact that we have more than 4 million jobless persons in this country, but yet in accepting these figures we have to make some allowance for changes which have taken place in the last twelve years or so. For example, it was only recently that we found that working wives have become the dominant part of the female labor force. Married women constituted only about 30% of the female labor force prior to World War II. In 1949, they accounted for 46% of the female labor force and by 1959 it had risen to 55%. It is probably true that some of these women have replaced men in the labor field and statistics recently compiled showed 11 million families in the U. S. where wives and husbands both worked outside of the home. These include primarily middle income families. The figures were less striking for those in low income groups, or in the case of families where income ranged $15,000 a year or more and made it unnecessary for wives to work and where, consequently, they stayed at home.

Before our market opened this morning there was not too much to guide it. We have been getting reports from Europe for some time indicating that further interruptions in seeding have taken place in many European countries, and, as a result, the winter grain acreages will probably be smaller than last year. Also, in a number of countries the unsatisfactory appearance to earlier planted grains gives credence to the belief that we shall probably have smaller outturns next summer. There have been occasional rains in France although seeding is still progressing in some sections even at this late period. As a consequence, farmers may have to resort to heavier spring planting than usual if they wish to achieve normal acreage. There has been cold weather with some rain and snow in Western Germany, while in Italy frequent rains continue to handicap efforts to make up earlier delays. There have been widespread but light to good rains in India which benefited the wheat and flax crops. On the other hand, there have also been a number of complaints of dry conditions, and while moisture is needed the drought has not yet assumed serious proportions and the outlook is considered promising for a very satisfactory harvest. There is a moderately dry condition in Argentina although rains are not yet too urgently needed for corn, which for the most part still has a good appearance. Private estimates place the acreage far above a year ago. The Australian wheat harvest is about finished except for some local areas and the yields are up to earlier expectations.

More red wheat was loaded for the Gulf, with 77,000 bu by barge, bringing the total of recent weeks to nearly 2 million bu. We had a quieter opening in all pits this morning and there was less tension from international sources. Our break with Cuba had not come unexpectedly and since there are only a few grains which we still ship to that country, it is not really an important factor in grain circles.

Primary receipts of wheat were 836,000 bu compared with 543,000 bu last week and 466,000 bu last year. In today's computation Milwaukee was missing. Kansas City and Mpls. stocks so far this week show a total increase of 320,000 bu.

There was considerable weakness in all pits during the early part of the session, but export business in wheat rallied that market. Brazil bought 85,000 tons of hard wheat for February shipment. Turkey purchased 450,000 bu of U.S. red wheat for January loading via Atlantic ports, and it looks tous as though more business would gradually be put through. Beans, which were weak at one time, with lower products, also rallied and closed higher. There was a moderate improvement in flour sales and more interest seems to be developing. Meal was rather weak when some stop-loss orders were uncovered, but that commodity showed some recuperative power. Corn did not do much, and traders are a little hesitant because of the large quantity of feedstuffs in the country.

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CHICAGO, 4 January 6, 1961

There had been some thought that the meeting of farm leaders yesterday would produce definite policies that might eventually be formulated into legislation. No such thing occurred at this meeting, attended by Mr. Kennedy, Orville Freeman, the new Secretary of Agriculture, and other farm leaders. The President-Elect asked the various groups represented for basic agreement on a program but evidently no attempts were made to discuss specifics. More meetings of this type have been arranged for future dates so if any concrete views are presently held by Messrs. Kennedy and Freeman, no indication of what they might be as as yet been shown. It appears certain that the FOOD FOR PEACE program will be broadened and that surplus disposal will be the prime objective of the new administration. Some hint has been given to the effect that soybean and cottonseed oil might be among the items moved abroad in largest quantities at the start. Last year a record 1,601 million lbs (two-thirds soybean and one-third cottonseed oil) were shipped. This represented 26% of the total U.S. production and accounted for 84% of the world trade in these oils.

The number one problem still is wheat and shipments for the first five months of this season, including flour, were about 50% ahead of the previous year; so there is little doubt that our government has directed its efforts along these lines. Formerly Canadian wheat exports amounted to about 250 million bu, or 38% of the total world trade at a time when U.S. sales averaged 144 million bu, constituting only 21%. During the past crop year our neighbors to the North cleared 278 million bu, a very small increase over the prewar World War II period, while our exports now represent close to 40% of the total and enlarged to over 500 million bu. It seems that our "give-aways" have been to a large degree at the expense of friendly nations and a certain amount of ill will is naturally created by such policies as much of the increased portion is taken by countries that formerly bought their wheat and flour requirements from Canada. This has been established to a larger extent through federal subsidy, as the $4 1/2 billion of agricultural products exported by the U.S. in 1960 consisted of $1.3 billion financed under government programs, such as P. L. 480 and the Mutual Security Act.

Deliveries of soybeans yesterday amounted to about 1 1/2 million bu, half of which was tendered by one house and the balance mainly by commercial interests. Surprisingly the market paid little attention to this news at the opening, and even though products were firm, their rise did not begin to compare with the strong opening in soybeans, as new crop highs were reported and stop-loss buying occurred. It is difficult to follow extreme advances, but the supply and demand factor seems to be the main basis for the strength, as a small carryover is anticipated at the end of the present crop season, thus giving credence to the terrific demand. Old crop wheat also has friends and our market reflects the demand for red wheat, which has reduced local stocks to the point that there could be little or none remaining by next July. At the same time, farm selling in the Southwest has fallen off materially in contrast with heavier liquidation in the previous day or two. Protein grain is in some cases above the gross loan and mills have provided the most interest. Export demand continues with some rather large purchases pending.

The buying in soybeans was persistent and rather general in nature with no specific news other than a few unfounded rumors including the fact that China is not selling beans. This started the ball rolling, after which stop loss orders were touched off. Both meal and oil were strong also, and there was some export business done in the former and the cash basis improved. September beans rose in sympathy with old crop months. On the theory that there is little or no carryover, a big demand would be created during that month except that in recent years September has become a new crop month. For this reason at its present premium over November, we can see the possibility of a narrowing and September might finally sell at a discount if a normal harvesting period occurs. Old crop wheat maintained much of its bulge with more red moving from Chicago by barge. Other grains, though not as active, gathered strength from wheat and beans.

When the wheat visible is posted Monday, it will compare with a decrease of 3.9 million bu last year. Primary receipts amounted to 967,000 bu vs 770,000 last week and 880,000 a year ago. Kansas City and Minneapolis stocks increased 408,000 bu.

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CHICAGO, 4 January 9, 1961

While our country is fully united today, we are reminded of the fact that just 100 years ago the first shot was fired at Fort Sumter, which started the Civil War. On January 9, 1861, as a result of the differences between the North and the South, Mississippi seceded from the Union and one day later Florida seceded, which was followed on the 11th of January by the secession of Alabama. Thus we went through a long turmoil of four years when more men were killed in battle than the total casualties of World War I, World War II, and Korea. What a senseless slaughter this was to reconcile differences on the question of slavery.

Before our market opened this morning soybean oil prices were up considerably, and it was almost a foregone conclusion that beans would open higher. This they did, particularly as there was a communication on the broadtape which came by way of Liverpool, indicating that China would not export any more beans this season, which, of course, caught the imagination of traders and quotations after the opening continued upward, although there was a good deal of profit-taking on the assumption that even if we would have a very close adjustment later in the season, the rise had been so rapid and that at least for the month of January there was no great shortage. In any case trade was very heavy on both sides of the market and we had a little extra confusion this morning, owing to the fact that trading in beans had been moved to the wheat pit, so that brokers did not have the same relative position that they had before the change was made. Wheat was also up and pressure from first hands seems to be extremely small. Farm selling in Kansas and adjoining states has fallen off further, according to The Southwestern Miller, and apparently the liquidation which had been expected as we came into the new calendar year has failed to develop on a big scale. In any case producers seem to be holding onto their grain pretty well, and, therefore, hedging from this source is relatively light. There was no wheat loaded today from Chicago to the Gulf and the barge movement has apparently subsided for a time, although there was one barge loaded with 40,000 bu red wheat, which was merely for crosstown switching to another elevator.

U.S. shipments of lard to Cuba during 1960 will be the second highest of record. Normally that country is our third largest taker, but whether the political situation will bring about a great change is still a moot question. Ordinarily they take more than one-third of all that is exported from this country.

An article which appeared in FEEDSTUFFS PUBLICATION was less bullish on beans than some of the other advices we have had. They mentioned that certain officials are not entirely sympathetic to the belief that conditions in the Far East are as serious as have been recently outlined, and they discount some of the reports that the soybean crop was a complete failure. They indicate that there is a strong feeling that China may be somewhat behind this market and ultimately they may deliver beans against high future market prices. As long as there are such conflicting reports, we are bound to have very erratic markets.

Chicago wheat stocks decreased 394,000 bu during the week which leaves a little more than 8 million bu in this market including the amount afloat. We would have judged that the decrease might have been greater, but apparently there was also some wheat that came in. The corn stocks increased a small amount with 25 1/4 million bu here, of which the greater part is in government hands. Rye did very little, but beans showed a small increase. Altogether there is about 13 1/2 million bu here.

The early advance in the bean market was very rapid, and a good deal of the upturn came during the first 1 1/2 hours of trade. We tried, but in vain, to get confirmation either in New York or from other sources as to whether the exports from Red China had been banned. All we could learn was that up to now they had been living up to the contracts that had been previously made. Our own feeling is that the market might be in for a very heavy reaction yet, and even though today's profit taking did have some influence on the market, we still believe that it would be unwise to make purchases here. Having been one of the first to see the bullish situation in beans, we feel that it is quite a different story to buy them now. There were some reactions in wheat. The commercial business is not particularly heavy at the moment although there was a little larger flour trade with some general buying done. West Germany was said to have taken a cargo of wheat for February shipment.

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CHICAGO, 4 January 10, 1961

The volume of trade in our market during the past few weeks has been the largest in a number of years. Occasionally we have had days with extreme activity for various reasons, usually political, such as the health of the President or war scares, etc., but a sustained bull market based on grain news has not occurred in some time. Consequently, it had previously been difficult to stir up much public enthusiasm. Of course, government programs have had a great deal to do with promoting this situation as support policies have stimulated overproduction. Weather also has been good to farmers while technical progress has helped enhance yields. Be that as it may, the soybean market has remained mostly free because it is a relatively young commodity in this country, growing annually in international importance, and raised for export only by China and ourselves in any volume. Soybeans, too, might have become a surplus crop had not utilization kept up with increased production, and for the past two crops the government loan has been of little influence as prices most of the time have been higher. If only expedient steps were used to reduce reserves of other grains, farmers often would have better markets, and in the case of wheat this year this might have been especially true with foreign shipments breaking all records. At this time it is difficult to determine the true value of soybeans, but since we have an entirely free market with public instead of government participation, our marketing system is permitted to work free of any controls and farmers will get the best possible return for their product based on the ability of processors and exporters to crush and merchandise this commodity and its products.

Activity was more orderly at the opening this morning, and early prices were a little under yesterday's close. Oil and meal, which rallied after trade ended in soybeans, reacted somewhat before the grain markets opened and there was little else to guide beans at the start though a certain amount of nervousness still prevails. Wheat also broke late in the session yesterday, and though it still seems likely there will be a very small carryover supply of red wheat, there is nearly 1 1/2 million bu of hard wheat in Chicago for which there is little current demand. In the Southwest exporters evidently purchased sizable amounts of hard wheat with farm selling fairly heavy in some localities, but less in areas where producers had sold their grain earlier in the month. Export flour bookings are somewhat larger with the UAR in the market possibly for a sizable amount. Some red wheat might be worked to Portugal, while India and Korea both are in line for additional authorizations for large amounts of U.S. wheat.

Weather for this time of year has been unseasonably mild, and a few country sources indicate that some of the corn in the cribs might be adversely affected, and there is the possibility of poor condition corn being forced on the market. Feed grains have done a little better, possibly for technical reasons, influenced by wheat and soybeans, but this situation might change owing to the above-mentioned quality factor plus the tremendous quantities of all feeds available.

Chicago free stocks of wheat decreased 394,000 bu last week leaving 8.1 million, while corn increased 178,000 to 8 1/2 million bu. Primary receipts of wheat totaled 1.4 million bu with Milwaukee missing vs. 1.9 million last week and 1.3 million a year ago. Kansas City and Minneapolis stocks have increased 105,000 bu thus far.

Exports of soybeans the week ended January 6th totaled almost 3 1/2 million bu, which compares with 2 1/4 million during the same week in 1960, and since October 1st clearances are more than 7 million bu ahead of the previous season. This helped rally the market which had been lower early in the session, and prices strengthened before breaking again near the close. This afternoon the USDA will issue a report on farm stocks as of January 1st, and the most important figure will be beans. However, we must wait until later in the month for supplies in other locations. It is expected that farm stocks will be less than last year with so many farmers evidently having sold during and shortly after harvest. Wheat regained some of yesterday's loss with no special feature, and over-all activity on our exchange was curtailed from the past couple of sessions. Corn was a little lower with the spot market influenced by moderate receipts, and profit taking also occurred in both oats and rye with little news to affect either of these cereals.

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CHICAGO, 4 January 11, 1961

For the past four or five years, Chicago has been predominantly a red wheat market, and in most cases whatever tenders have been made against futures contracts have been soft red winter wheat, owing to the fact that hard wheat has generally sold at a premium. It seems that we are no longer able to attract much hard wheat to this market, even though in the State of Illinois about half the wheat raised is hard and the other half soft. Mills in various parts of the country seem to bid sufficiently high prices to get the hard wheat, which means that we only get trifling amounts of hard wheat here, and most of that comes to Chicago during the post-harvest movement. This year the situation is somewhat different, and we have about 1 1/2 million bu hard wheat in Chicago for which the demand is not too keen. Emphasis has been placed on the fact that red wheat has been either going into consumption locally or has been moving from here to Gulf ports, but we may find that for the first time in years some hard wheat will be tendered against March contracts unless the demand for this class of wheat improves during the next month. Thus a new development has arisen which should be carefully watched.

With the new administration to take office within ten days, it is timely that we look forward as to what may happen in the year ahead. Federal outlays both for national defense and for other items are expected to rise by several billion dollars, based on defense contracting trends, early budget indications, and the prospect of more liberal appropriations by the new Congress. Besides this, the state and local expenditures should continue their almost uninterrupted postwar rise as unmet needs for facilities continue to be huge. Voters have apparently been willing to approve large new borrowings, and the supply and cost of funds are likely to be favorable. Purchases of goods and services by all governments might well rise $6 to $7 billion for 1961. All this could offset somewhat smaller consumer-spending because of possible uncertainties. We have already seen some retraction in the durable goods line, particularly automobiles. New car stocks are extremely high for this season and used cars in dealers' hands at 42-days' supply are far above the desired level. Other factors, such as appliances, furniture, and home furnishings are also subject to similar uncertainties.

Broomhall again commented on wet weather over much of Europe and most of his reports indicate acreage curtailments. In addition some sections report subnormal conditions for planted grains. We have seen on the broadtape and in the newspapers about the slow-down in agricultural production in Russia, which has amounted to as much as 50% compared with other years. This, however, is not an immediate factor since the Soviet Union is not holding a large part of the foreign export market. We think, therefore, of greater importance is the very wet situation with heavy rains in Central and Southwestern France, which has caused rivers to overflow. However, we are also told that plans willbe formulated to expand spring plantings. Many farmers are considering switching from barley to wheat. Rainy conditions continue in Western Germany so that both rye and wheat acreages will be down from the year earlier. There seems to be wet and unfavorable weather in Italy and a smaller acreage is indicated for that country as well.

The wheat market was only moderately active. Locals sold March against May, and there was also some liquidation of the nearby future for the reasons that we have explained earlier. Export flour business was moderate, and domestic sales were at a moderate pace, but there was a slackening tendency. There is expected to be some business to the U.A.R. by the end of the week or early next, and two cargoes of red wheat are involved, also a similar quantity of soft white wheat. Brazil will receive offers on 100,000 tons of 2 hard wheat, and Greece bought 17,000 tons of hard wheat for late January-early February shipment. Altogether there is a fair business underway. Formosa took some beans both via the Atlantic and at the Gulf, while the U.K. purchased some corn. Beans were quite erratic and even though the export shipments are well ahead of last year, we have had big advance in the market which undoubtedly discounts some of the more favorable factors. Should China at any time decide to re-enter the export field, it could cause quite a reaction here. Feed grains were hardly influenced by the farm stocks which set a fourth annual record. The amount of oats was 10% higher than on January 1st last year, and farm stocks of corn were 3.1 billion bu, up 1% from the previous record. Sorghum grain was up 4% from a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 12, 1961

Total meat consumption during 1960 was about 161 lbs per person. This was a pound or so more than in 1959. It is expected that this uptrend will continue in 1961 and predictions are being made by the Department of Agriculture that consumption of 165 lbs may be realized and would probably set a new high. Most of the prospective 4-lb gain will come in the last half of the year and will be due to larger beef supplies. It goes without saying that records of this kind would probably not be made except for some stimulus given by the government. Late in 1960, the Department of Agriculture purchased about 46.4 million lbs of frozen ground beef, 33.2 million lbs of canned beef, and 42,000 lbs of frozen ground lamb for distribution to schools participating in the National School Lunch Program. Also, 23.1 million lbs of lard were purchased for donation to needy persons and institutions. Meat purchases for schools and lard purchase programs were suspended in November.

Before our market opened this morning, there was not too much to guide it. The same factors prevailed insofar as beans are concerned, and while we shall probably continue large exports, some of the advices from Europe would indicate that they may be on a smaller scale as time goes on. In any case, crushings are likely to be big. We feel that a good many beans have been sold by holders who had big profits, and we are not entirely sure that the present ownership represents strong hands, but this in itself is not too important if fundamental conditions are bullish and if finally we have a close adjustment. For the time being, it may be that the sharp advances will not hold, and apparently the market is a little more two-sided.

According to The Southwestern Miller, there were 90,000 tons, or about 9 cargoes of red wheat under a Polish authorization remaining to be filled. This may be transferred to hard wheat and such an announcement is expected during the next few days. There have been some complaints that red wheat has been tightening and apparently the soft wheat mills are not entirely happy over the fact that when we export under P.L. #480 in terms of foreign currency, we do not specify that those countries accept grain in greatest surplus rather than to let them take red wheat, which could be tight before the end of the season. The demand for hard wheat has been falling off a little and interior markets, particularly in the Southwest, have been a little heavy. As we pointed out yesterday, there is about 1 1/2 million bu hard wheat in Chicago, and some of this may find its way on tenders next March, which is causing a narrowing of the spread between the early delivery and the May future.

According to Broomhall, Australian mills have sold 30,000 tons of flour to Communist China, which represents the first flour sales to that country in more than 20 years. The flour also closely follows recent sales of Australian wheat to China of 300,000 tons. We do not pay much attention to the reports coming out of Russia, although it is quite likely that under collective farming methods their efficiency has been impaired but whether the agricultural production is as much as 50% down remains to be proved. We have been pointing out in these letters on many occasions that probably not during our lifetime could Russia catch up to us on agricultural "know-how." It takes years to build up and properly equip farms with mechanical devices, and, furthermore, their climate, both in summer and winter shows such great extremes, while their rainfall is deficient over such large areas, that they may never overtake us even with the tremendous amount of land under cultivation. What is probably of greatest importance is that there is not the incentive system which farmers in this country have, and for that reason there has never been the urge to produce up to full capacity.

Beans were erratic but they fluctuated through a narrower range. There was some selling on bulges with the result that the market closed about unchanged. The wheat market paid practically no attention to export business. Brazil was said to have purchased 100,000 tons of hard wheat for late January and February shipment, but there continued to be some liquidation in the March future. Flour bookings were somewhat lighter. Italy bought 500,000 bu of corn for February shipment via the Atlantic, and there were parcels of corn and barley sold to Germany. Cats were extremely weak, particularly early when selling orders appeared and this set off some stop loss operations. A commission house was a very big buyer of oil during most of the session.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 January 13, 1961

Even if we eliminate the distortion caused by inflation, the U.S. output of goods today is more than double the level of 1929. The growth has averaged 4% per year over the last 30 years, and while we have had depressions and prosperity during that period, which have created yearly changes from minus 15 to plus 16, over-all improvement has been steady. As a result we hold a large lead over other world powers,not only in total national output, but also, in most specific major industries. Comparisons are often made with the growth in Russia but these figures are misleading in that they are calculated on a lower base. For example, the Soviet Union steel capacity is about half that of the U.S., and thus a 5% increase in our country would correspond with 10% in the USSR growth. In terms of easier understanding, Russia provides less than 1 radio, telephone, refrigerator, automobile, and washing machine for every 100 persons. The U.S. provides 78 radios, 32 telephones, 31 automobiles, 26 refrigerators, and 22 washing machines for every 100 persons, and besides the quality of our goods is generally considered better because in a competitive market the consumer is selective. Unless he gets what he wants, he simply does not buy, whereas in Russia there is very little choice and the public must take what is offered in the government-operated stores, where prices and quality are the same everywhere.

Before our market opened, we had higher prices for meal and oil, and there was local buying, particularly in the nearby deliveries. We also heard later that there was some export business yesterday in cottonseed oil and also in soybean oil. The volume of export business in oils recently was said to have exceeded anything reported, the total running about 15,000 tons or more, much of which is believed to be for Eastern Europe, especially East Germany. Farm selling in the Southwest was on a moderate scale in Kansas and adjoining states, and while not particularly heavy, showed a slight increase. We also heard that one of the agricultural advisory services, which had been telling farmers to hold beans, has now advised them to sell. As a result of this there were a great many beans sold in Iowa overnight, and early bids had dropped by several cents per bushel.

We have had a rather mild winter thus far, which generally means smaller amounts of feeds used. This in conjunction with the large quantity of feedstuffs on hand does not augur too well for an immediate advance in price unless artificial factors should come into play. There was one report in a Des Moines paper this morning that the support level of corn would be lifted next season and this caused considerable comment in some quarters. In order for farmers to benefit from a higher loan, they would also have to cut acreage. We have always been against excessively high corn loans for the reason that 85% of the crop never leaves the county in which it is raised; therefore, the 15% or so which is marketed is not too important a factor in farmers' income. As long as feeding ratios are satisfactory. most farmers are generally in pretty good shape. Of course, corn is fundamental because when the price is higher, it also affects other feed grains, and even rye at times.

Primary receipts of wheat were 1.7 million bu which was nearly twice as much as last week and compared with 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 228,000 bu. When the visible supply is posted on Monday, the wheat figure will compare with a decrease of 2 3/4 million bu a year ago.

Corn was strong today on the Iowa message that under a plan being discussed the loan would be raised from $1.06 at present to $1.20 in 1961. Prices of other feed grains would be in relationship to corn. There would be a mandatory land retirement program which would go into effect after a referendum vote, and each farmer would have to retire 8% of his land planted to feed grains without compensation from the government in order to get the higher loan, but an additional 8% retirement, would entitle him to compensation payments for the loss of income from crops formerly raised on his land. In the past farmers have been more interested in feeding than in taking the loan. During 1957 only one farmer in seven farmed in compliance with the program, and in1958 only one farmer in eight complied. Therefore, it leaves matters in a very uncertain situation. New crop wheat and new crop beans also responded to the possibility of generally higher supports. Altogether we had firm markets. There was general buying in soybean oil, but some selling in meal.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

January 16, 1961

Later this week a new administration will take office, and we join with others in hoping that this nation will go forward under their leadership. The basis for growth in this country is strong and it lies mainly in the rapidly accelerating needs, which means that our large output should be used advantageously. In the next ten years the U.S. population will jump by more than 20 million. During these ten years, people will need 65 million new automobiles, 900,000 more schoolrooms, and 15 million new houses. Most likely the nation will spend about $500 billion for defense, $80 billion for roads, and $500 billion for culture and other leisure-time activity. To produce and consume on such an enormous level, all Americans and especially those in industry, will have to labor hard and imaginatively. America's competitive position in the world economy will depend on how well its people build on their technical heritage. Government can serve best by protecting every creative force in society. Monetary controls affecting credit and taxation are now available to government. They should be used advisedly so as to encourage risk-taking and in that way reward efficiency.

Before our market opened this morning, the beanoil market had advanced very sharply. Meal was also higher. It was a foregone conclusion that we would have higher prices for beans, and apparently commission houses generally had orders to buy that were very large, and prices were marked up sharply because it was mostly longs that could supply the demand, and the result was that before a half-hour had lapsed, we had a 4¢ upturn. Both commission houses and trade interests bought the oil, while commission houses and locals were buyers of meal. In our opinion much will depend on whether the new demand for oil will continue. As we pointed out on Friday, there is some talk that, while we are not selling directly to countries behind the Iron Curtain, through third parties they are taking some of our supplies, and there is still further belief that the new administration may try to stimulate demand abroad, all of which imparts a good deal of impetus. According to the Foreign Crops and Markets Review, of USDA, U. S. exports of soybeans and soybean oil during October and November of 1960 increased sharply over the first two months of the marketing year. In contrast exports of cottonseed oil and oilseed cakes, and meal were very short of quantities exported a year earlier. Canada is expected to take about as many beans from this country as she did a year ago when the total amounted to about 15 million bu.

According to Broomhall, there were some frosts last week in India which it was feared would result in damage to growing food grain and to the flaxseed crops. In Europe weather is still very wet in many countries, and all that can be hoped for now is that spring wheat planting will be expanded later on, especially for wheat, in order to make up for the deficiencies in the winter grain planting. Even on that part of the grain which has gone into the ground, prospects are below normal in wide areas. Moderate additional quantities of wheat were sold by farmers in the Southwest but most line elevators reported a rapid drying up of liquidation from first hands, and it was thought in some quarters that moderately higher price levels would be necessary to attract renewed selling.

Stocks of wheat in Chicago decreased 143,000 bu during the week, bringing the total stocks here and afloat to slightly over 8 million bu. Corn stocks decreased 233,000 bu, but still total slightly over 24 million bu. Stocks of oats decreased 456,000 bu and rye decreased 86,000 bu. Stocks of beans in Chicago increased 185,000 bu bringing the total, including stocks afloat, to over 13.8 million bu.

Early cables do not indicate any business in Canadian flax to the U.K., but there is still talk of Chinese purchases of Canadian flax; also there is interest in linoil at Rotterdam, all indicating that the flax market still looks strong. An article appeared in Feedstuffs magazine which, although not fully confirmed, stated that there is little likelihood that there will be any major farm legislation during the first session of the 87th Congress. It is understood that the new Secretary has been advised that he may best spend the first six months of his time learning the existing farm law as it is on the books, and hesitate to send any broad legislative proposals to Congress this year.

The feature of our market this morning was the sustained strength in soybeans. There was general buying which pushed the market up better than 7¢ and into new high ground.

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CHICAGO, 4 January 17, 1961

Those who believe that business is strictly man's domain would be amazed by the changes which have taken place since the turn of the century. Sixty years ago, according to a recent publication, half the women in this country never worked a day during their life for pay, while today nine out of ten American women will be employed in some salaried job during their lifetime. The role of women in industry has grown at a particularly fast rate over the past twenty years. World War II was the primary cause for this rise in importance of the fair sex. At this time while men were serving their country, women filled their vacated jobs and performed duties that heretofore had been classified strictly as man's work. Another factor leading to the increased activity of women in business was the great advances in technology. For one thing, the labor-saving devices in the home enabled the housewife to perform her chores more speedily and, therefore, devote a greater proportion of her time to a job. For another, labor-saving machines were introduced, which materially reduced the necessity of heavy manual labor, thereby assisting the woman to accomplish things which were not physically possible before. Although one-third of the salaried female population of this country is in clerical, secretarial, and sales work, the rest are employed in numerous diversified activities. They can be found in the roles of accountants, doctors, chemists, sailors, geologists, and even blacksmiths, bank presidents, and boiler-makers. It appears, therefore, that there is no longer any support to the adage: "A woman's place is in the home."

Canada advises that their flax market still looks strong due to higher markets overseas for linoil again today, and also, due to continued interest in Canadian flax with some business reported to Japan. It was reported that exceptionally heavy soft flour business developed over the week-end, with continuing activity in the Central States, and some business as well in the East and other areas. Average bookings were for 60 to 90 days, which extended commitments well into May. Farm selling in the Southwest was only moderate but merchandisers offered wheat rather freely as mill demand was slow due to lack of space.

Before our grain market opened, liquidation came into soybean oil and the market sold off better than 30 points in some cases. This attracted selling in beans on the opening, and the market reacted as much as 3¢ from the season's highs which were registered on the close yesterday.

Primary receipts of wheat were 1,371,000 bu vs 1,380,000 last week and 975,000 a year ago. The visible supply of wheat decreased 3,381,000 bu to a total of 460,055,000 bu, which is still 68,907,000 more than a year ago. Old crop wheat was strong most of the day as good commercial buying by mills and exporters appeared in the pit. There were reports of some sales of white wheat from the West Coast, and hard wheat from the West Coast and the Gulf. New crop wheat was lower for the day due to an article which appeared stating that Orville Freeman has turned down invitations to make speeches on farm policy since he wants to wait until late winter or early spring so he can learn more about farm problems and decide on policies. This has led traders to believe that there will not be any change in the loan on the 1961 wheat crop.

After their earlier reaction, beans and bean oil rallied to new season's highs. Soybean exports for the week ended January 13th are 2,822,030 vs 2,120,672 a year ago. This brings the total exports since Octobers 1st to 66,479,030 which is about 5 1/2 million bu ahead of a year ago. L. H. Simerl of the University of Illinois stated that the run up in soybean prices was not forecastable but neither was it unexpected. He went on to say that the foundation for this advance was laid when soybeanproduction failed to set a new record in either 1959 or 1960, and although the 1960 crop was only 3% smaller than the record set in 1958, it was nevertheless comparatively small, and when added to the carryover of only 23 million bu, gave us supplies of 582 million bu for the present crop year. The fact that this is about equal to the requirements for seed, crushing and export, along with the upturn in oil prices, has led to the present bull market. He concludes by saying that the 1960 soybean crop has now been recognized as a short crop, and by warning that prices for short crops tend to reach their seasonal peaks earlier in the marketing year than do prices for normal and large crops.

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CHICAGO, 4 January 18, 1961

This coming Friday, John F. Kennedy will be inaugurated President of the U.S., and this might be a good time to look over his possible economic programs and the effect they would have on business. His goals are probably best listed in a report which was drawn up by Paul Samuelson of M.I.T., who was Kennedy's closest economic advisor during his campaign. This report also has had the support of Walter Heller, who has been chosen to head the President's Council of Economic Advisors. This document gives first priority to restoring the health of domestic economy, while at the same time attempting to curb the loss of gold and holding inflation down to a minimum. It is proposed that the federal debt be financed by short-term borrowing in order to lessen the competition for long-term funds, so that business investment expansion would be encouraged. To lift the economy it is further proposed to reverse the trend of the present administration and depend more on the adjustment of government-spending and taxes rather than the raising and lowering of interest rates. As to the actual fiscal policy, Kennedy's advisors feel that a tax reduction should be used only if the recession becomes worse, and one leading proposal is to encourage business investment by giving corporations a tax credit based on any increase in the amount invested in new plant and equipment.

It appears, however, that more emphasis will be placed on additional spending on the part of the government, and this will be mostly in the fields of depressed areas, schools, housing and health. Help for depressed areas will be the primary proposal presented to the new Congress in an effort to stem the recession, and would comprise such items as aid to areas hit by tariff cuts on imports, and funds for retraining unemployed workers, at a cost of close to $400 million. Under his School Aid Program will be included additional money for the construction of classrooms and for teachers' salaries. The latter will be greatly contested in Congress, and the funds may not be granted. His housing proposals will be principally for aid to the large cities and a new program has been recommended for housing for the low-income groups. Kennedy's suggestions for a broader health program for the aged will be about the same as he brought up in the last session of Congress and would be financed by an increase in Social Security tax. Thoseresponsible for the report feel that if their proposals are carried out by the new administration, their sum total would stimulate business enough to bring the economy out of the slight decline in which it now finds itself.

Primary receipts of wheat were 1,254,000 bu compared with 1,103,000 last week and 864,000 bu a year before. Flour business has generally quieted down now following the heavy sales that were made the last few days although family flour sales are still of fair size. It has been reported that the UAR apparently did not buy any red wheat against offers of 20,000 tons, and there was a hint that the balance of the red wheat authorization might be transferred to hard winter wheat as was done some days ago by Poland. Pakistan bought 60,000 tons of hard wheat from the Gulf and 60,000 tons of hard and white wheat from the West Coast. The wheat market traded fractionally lower, and commercial demand was not in evidence as much as it was yesterday. Canada advises that interest continues in flax, and that there are rumors from overseas that East Germany is interested in Canadian flax. Linoil prices are slightly higher and there is still a good tone to the market.

Beans sold off following the weakness of the products and liquidation increased towards the close with final prices as much as 7 1/2¢ lower than yesterday in the largest break since the recent bull market started.

A dispatch from Washington indicates that Senator Talmadge from George has introduced a bill in Congress calling for a free enterprise farm program which would eliminate all acreage controls and government loans for cotton and other commodities. In place of the controls and loans, a domestic production quota would be assigned to each farmer who would market whatever he produced, and would then be guaranteed the difference between the price he received for his domestic quota and 100% of parity. In addition, no farmer would be allowed to receive more than $12,500 in government payments in any one year, and there would be no payments to contract farmers and to those whose families have a total non-farm income of more than $5,000. Under the proposed bill the Secretary of Agriculture would be authorized to impose marketing quotas whenever the market prices were about to fall below a certain percentage of parity.

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CHICAGO, 4 January 19, 1961

During the last hour of trade yesterday, the bean market had its first really sharp break since the advance started several weeks ago. Part of this may have come about as a natural reaction, but there was also a report that the CEA was investigating the rapid rise in the market, and this may have brought about some liquidation. This morning there was news that the Spanish Ministry in Madrid had rejected all offers on oil, which involved 10,000 metric tons. It is expected, however, that Spain will receive another tender within ten days. Very likely yesterday's sharp reaction in the bean market made the foreign buyer more cautious. This news had a somewhat bearish effect on oil, which opened before the bean market, and as a result our opening in beans was weaker, but after the market had declined 2¢ or so, there was considerable short-covering and local buying on a message attributed to United Press International, which commented on the Chinese famine. This apparently was assuming alarming proportions and there was no sign of any appreciable help from Russia. It was further pointed out that the Chinese Communists through a mixture of pride and political considerations have not appealed for aid, and that likewise the Kremlin had not offered any. It has been apparent for some time that the Russians are having some agricultural troubles of their own and they may not even be in a position to offer much help to other countries. It has also been pointed out in these letters that Communist China is now buying both wheat and flour from Australia, and some of these transactions are being made for early shipment. Peiping also is said to be looking for emergency shipments of Canadian wheat. This, of course, does not refer directly to soybeans, but if there are shortages of foodstuffs in that country, the trade naturally assumes that earlier reports of cessation of bean shipments out of China may be founded. There is so much politics involved that we would hate to express an opinion.

This writer talked with a large exporter in this country, who generally participated in bean business, and was told that there had been very little new business scheduled during the past two weeks. Our informant told that while we are ahead of the amount shipped last year at this date, there may be an evening-up before long if our exports drop off. Thus one can hear a great variance of news, and accordingly, our markets may continue their erratic course. The Chairman of the Australian Wheat Board recently estimated the wheat crop in that country at 236 million bu. This tops any previous year by 16 million bu, and after allowing about 75 million bu for home requirements, it would furnish an exportable surplus of 161 million bu, plus a substantial carryover reserve from the season before of 55 million bu, which would provide a supply for export or a reserve of 216 million bu. Part of this, however, will be overshadowed by the poor prospects in Argentina.

Our own wheat situation is naturally modified by the fact that May wheat in Chicago is selling at about 11¢ over Kansas City, which is almost enough to permit barge shipments this spring from Missouri points to Chicago. Farm selling in the Southwest was on a limited scale and there has been some disappointment over the failure of liquidation to expand as the market bulged. Wheat prospects in Kansas remain good to excellent with the crop generally dormant although some greening was reported in a few southern counties. Surface soil moisture was becoming short, particularly in northern and western areas of Nebraska. Grain crops are wintering in good condition although central counties and local sections in the West are getting extremely short of surface moisture, which could cause damage later on if there are high winds.

Primary receipts of wheat amounted to 1.6 million bu which compared with 1.2 million bu last week and 753,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 403,000 bu.

Beans were erratic and there was a good class of buying on the break, although January beans lagged. Lower prices for oil offset the firmness in meal. May wheat was weak but recovered partially when the March future showed a little greater strength. Four business was of rather small volume, but family orders continue quite good and mills are having a modest run of export sales. Italy bought a small quantity of corn and the U.K. was also a buyer, but this had very little influence on feed grains which showed a further sagging tendency. New crop wheat futures were weak.

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CHICAGO, 4

January 20, 1961

In a fast-moving world in which we find ourselves today, conditions are bound to change rapidly. We are not referring at the moment to the soybean market, which has been very erratic, but rather we point out that during 1960, the U. S. increased its oil exports to the U. K. by 55 million lbs, while shipments to Cuba and West Germany have declined about 5 million lbs. The increase in total exports during 1960 is probably due to the fact that there were reduced supplies in other countries, and generally favorable prices prevailed during most of the year. This country produced last year over half the world's tallow and greases and accounted for 74% of the world trade. Our output totaled 3,950 million lbs, which was 11% above 1959. As we have pointed out in these letters, the U. S. is the world's largest exporter of all farm products, and in the year just ended we supplied 17% of the world's agricultural volume. The output of 57 million acres of land, which is to say 1 acre of every 6 harvested moved abroad and our exports during the calendar year established a new record in quantity and were the second highest in volume.

There was not too much news overnight except that the government published its impounding figures showing amounts placed under loan by end of December. 371 million bu is the last wheat figure, except that redemptions so far this season have already amounted to 45 million bu. The increase was only 7 million bu from the previous month, probably due to the fact that prices were satisfactory in most areas but the total amount under loan, not counting the amount redeemed, is 96 million greater than a year ago. In view of the fact that our exports of wheat and flour are 100 million greater, this might at first glance appear bullish, but since the wheat crop last summer was 237 million bu larger, the trade is not too much impressed by the over-all situation, particularly as mills in the Southwest are not very aggressive buyers at the moment, and Chicago could finally become a hard wheat market, as barge shipments from Kansas City this year are 11¢ per bu against a higher rail rate, and this has already caused some easing of the March wheat premium over distant months.

When news came out yesterday that Spain had delayed its purchase of oil, it caused more concern than was evident on the surface. There is, of course, still a probability that renewed offerings will be made from here and possibly accepted, but in the meantime prices may play a part in the final decision of the buyer. There are various reports now circulating on this subject. Some of the talk is to the effect that Spain is going to transfer ICA funds for vegetable oils to other U. S. surplus commodities. Whether or not there is substance to these reports remainsto be seen, but until something concrete develops with that country, the oil markets are apt to be very unsettled, and in turn will naturally have some bearing upon beans. There are also some rumors by way of Canada that both China and East Germany are inquiring for linoil from the Argentine. In view of the sharp advances we have had in beans over the past few weeks, we are almost sure to have a continuation of erratic markets. In the end we feel that the supply and demand situation will be very closely adjusted by the season's end. Beans, which 30 years ago were relatively unimportant as cash income to producers, are now in a very high category. Nationally, soybeans have become the fifth most important crop as a source of income, while here in the Midwest they are second only to corn. How different this situation is from wheat where we have been trying to keep prices at artificially high levels.

Primary receipts of wheat were 1 1/2 million bu which was slightly less than last week but compared with a million bu last year. Kansas City and Minneapolis stocks show a total increase of 425,000 bu. The wheat visible Monday, will compare with a shrinkage last year of nearly 3 million bu.

Markets were less active than they have been. Beans were finally lower and soybean oil was weaker, still influenced by the possibility that the Spanish business may not go through. March wheat was a shade lower but this had very little influence on the May. Commercial business generally was light. We note that subsidies were granted on 600,000 bu of oats, and that market did a little better. Likewise corn was firm without any special feature. The C.E.A. at Washington had wired the Chicago Board of Trade in reply to their inquiry that the soybean market was under usual and normal surveilance but that no special investigation was underway.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 23, 1961

One of the first acts of the new administration was to liberalize the program of giving food to the needy. President Kennedy signed an order which would expand the amount of food given to citizens in distress. White House officials could not say what products they might buy although it was intimated that our surpluses would be used to help families from the stocks that were already in government hands. However, it is felt that some items will have to be bought in the open market. At the present time the federal government is giving away small quantities of flour, corn meal, rice, dry milk, eggs, and lard. It may be that the list will be added to, including butter, oatmeal, and other products. The executive action is rather general in form.

As far as the new Secretary of Agriculture, Mr. Freeman, is concerned, it is expected that he will do a good deal of reorganizing in the Department but most people in Washington think that nothing very significant will be done for at least six months until he finds what is needed. Coming into a big department with little previous experience in that line, it will take time to get the feel of things. It is generally felt that a new program will be enacted for wheat since this constitutes the number one problem, and the Secretary will no doubt work with Congress and farm groups before making rash decisions. The odds favor a plan of cutting wheat acreage maybe by 20%, with certificates issued to farmers on which they will be reimbursed for land taken out of production. Whether anything will be done immediately for feed grains is difficult to say. We heard rumors sometime back that the support price would be lifted but there has been nothing forthcoming in the last week or so, and there may not be sudden changes on these controls, although, it is, of course, difficult for us to gain many impressions since the new administration has just taken office and no important announcements may be made for at least another month. Finally we may have land retirement in some form and there may be more liberal farm credits, etc.

This year's exports of wheat will probably hit a new high by a big margin and there is even talk now that since our shipments are already 100 million bu ahead of last year at this date, they may reach a figure of 600 million bu for the entire season. There was early processor and trade buying in soybean oil probably against some export sales, although nothing definite could be confirmed. In any event, beans opened higher and part of the demand for meal was based on continued cold weather, which has spread the country, including the heavy snows that have covered many eastern districts. The Southwestern Miller reported sales on ordinary and low protein hard winters firm to 1/2¢ higher, while red wheat was mostly steady.

Chicago wheat stocks showed a rather small decrease for the week which amounted to only 123,000 bu. There is still about 7.8 million bu left here. The surprise came in soybeans with a local increase of 428,000 bu which gives us 14 million bu in elevators plus a small amount afloat. Other grains did not show any large changes.

The market was much more quiet than a week ago at this time when we were having wide fluctuations. Possibly one of the reasons is that tomorrow there will be several reports, the one will be on crushings with a rather large figure expected. We will probably also have the report showing total stocks in all positions, and on Tuesday we generally get the bean shipments during the week so that the trade may have been a little cautious awaiting these reports. Wheat was firm and the March future gained a little on May. According to The Southwestern Miller export demand is at a moderate volume for flour, but bakery sales have slowed down considerably and the trade is already covered for 4 months ahead while family flour buying is materially reduced. The early advance in meal was not maintained and with some profit taking, reactions occurred. Rather general selling was noted in the meal market when soybeans failed to hold the early advance. However, beans seemed to get some support on setbacks. The oat market was a little lower, but corn was firm without too much feature. The open interest in soybeans is very large, and the total open positions show 248.5 million bu. Of course, there is a good deal of spreading, and some of the locals who took profits may have sold other months instead of liquidating their original positions. Rye prices were up more than a cent per bushel, and there seems to be a better sentiment in this cereal.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 24, 1961

Men frequently joke about the influence their wives wield over eir worlds, and as a matter of fact, there is a saying that behind every great man a woman. Economically speaking, this is very true, as statistics show that the merican female has almost unlimited control over 60% of the U.S. consumer-pending, totaling around $175 billion a year. She also has a great deal to say about e remaining 40%, including such items as homes, automobiles, as well as many ervice expenses. It is calculated that American women spend more money annually an all the men, women, and children in West Germany, Great Britain, France, razil, and Japan combined. What's more, many of them play an important role in e finance and corporate life of the U.S., as 4 million women own $100 billion worth U.S. industry, in addition to holdings of $68 billion in savings accounts, $30 bil-on in government bonds, and over $75 billion in life insurance. There is little oubt that most manufacturers, as well as dealers in services, cater to this seg-ent of our population, as can be seen by modern design and styling techniques nployed by many companies, some of which rise and fall because of feminine hims. It is even a good bet that women buy many of the things used by the coun-y's 4 million bachelors, who are thus influenced in some degree also.

Before our market opened this morning, the Census Bureau Re-ort was issued showing crushings for the month of December at 37.7 million bu, uite an increase over the comparable month of 1959, and since the season began onversions are running nearly 5 million bu ahead of the previous October-Decem-er period. Adding this increased usage to the larger export figure gave further in-entive to bulls and prices were strong at the start. A clearer picture will be seen is afternoon when supplies of beans in all positions become known, as the USDA gure of January 1st will be released. In addition to this we should have the weekly xport figure. Oil too was influenced by the Census Report with stocks at the end December reduced from the previous month and less than in 1959.

Temperatures are extremely low and the forecast indicates little elief in the next day or two, which might be an incentive to feeds as they are used ore freely in this weather. However, foreign demand is smaller than a year ago ue in large part to more plentiful supplies in European countries. Broomhall ates the first official estimate of the acres sown to wheat in France on January st is 6 1/2 million compared with 10.3 million last year. A more recent Argentine stimate places that country's wheat crop at 4 million metric tons vs. a harvest of .8 million last season. That country also will have a reduction in the three forage rops-- oats, barley, and rye for export, and as a matter of fact, her rye surplus ill be the lowest for the past seven years and allows for practically no excess for e world market. In our country a moderately larger business in flour was con-ummated over the week-end, and sizeable amounts of wheat buying is expected in e next few days, including 100,000 tons by Brazil and possibly more than 200,000 ns for Italy. Local trade interests remain friendly to old crop contracts in Chicago they figure the demand for red wheat will continue. Accordingly, we remain iendly to this cereal.

This afternoon's report on stocks of beans in all positions could e quite a market factor, and buying orders were prominent during the session this orning. Though volume was not as large as on some recent days, resistance was ght and prices advanced as much as the full daily limit for old crop months before eacting slightly. Processors purchased beans early in the day. Wheat, including ew crop, was strong with little other news than was mentioned above. Free stocks f this cereal decreased 123,000 bu for the week to 7.9 million bu. Corn also trengthened perhaps because of the cold weather, but deferred months gained the ost on further talk of a higher corn loan for this year's crop. Free supplies in-reased 575,000 to 9 1/4 million bu. The weather might have influenced the rise oats, and rye gained about a cent despite the fact that Chicago supplies appear lentiful for the balance of the season. Of course, the shortage of this grain in the rgentine could help U.S. exports during the season.

Primary receipts of wheat amounted to 1 1/2 million bu compared ith 1.4 million bu last week and 1.1 million on this date last year. Kansas City nd Minneapolis stocks have increased 203,000 bu so far this week. The visible upply of wheat decreased 2.1 million bu, and there is 69 million bu more in the isible supply than a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 25, 1961

After the close of the market yesterday, the government published figures showing stocks of soybeans in all positions at 424.5 million bu, which was about in line with previous trade expectations. This represents a figure of smaller supply at the beginning of the season, plus the heavier crushings and exports. However, we also had the weekly shipments, which had declined to 2.1 million bu for the seven-day period, and this compared with 2.8 million a week earlier and 3.4 million bu last year. This is somewhat in confirmation of what we have been saying: namely, that recent sales made abroad have been declining, although total shipments for the season amount to 68.6 million bu, or approximately 4 million bu more than for the same period last year. The Department of Agriculture figures that the carryover stocks by October 1st will drop to 10 million bu, which would be a reduction of 13 million from the incoming season last October, and would compare with 62 million bu on October 1, 1959.

On the surface this is rather bullish, but, of course, we have had a big advance in market prices and the next question is how high the price must be to discount a situation of this kind. We are reasonably certain that relatively small amounts will finally remain impounded under the loan, and the fact that prices paid to farmers last October, November, and December, averaging about $1.96 a bu, which was 11¢ above the support rate, with increases since, made it more attractive to use the open market than the loan, as was the case in some other years. Soybean exports in 1960 and 1961 are expected to equal the record of 142 million bu shipped in the previous marketing year, but crushings may not keep up at the record rate if prices remain high. At mid-January number one yellow soybeans at Chicago averaged about $2.43, which was 20¢ per bu above the December level and 25¢ above prices that prevailed during January 1960.

We had a steady opening in beans this morning because meal prices were sharply higher before the bean market opened, and oil prices steadied, although they had dropped about 20 points late yesterday after having established a big advance.

We noted an interesting observation by Dr. M. J. Taves, of the University of Minnesota, indicating the great upsurge in population, and it was disclosed by this authority that there are more people living in the world today than have died since the time of Adam and Eve. He also went on to say that three-fifths of all the people ever born are now alive, which is quite astounding, and it shows the tremendous birth rate, particularly in such countries as China, India, and Russia. All these people, of course, have to be fed, and apparently the famines in China and the unsatisfactory agricultural conditions in Russia are more striking because of the enormous populations that need food.

We learned from The Southwestern Miller that offers on 10 cargoes number two hard wheat, 12% protein, were cabled to Brazil. There still seems to be a large export business in the offing and wheat prices were higher this morning. There was also a good-sized flour business last night, with one of the larger bakers having re-entered the market. USDA in an outlook statement called attention to the fact that the big feed grain crop will more than meet this year's requirements and at the same time increase carryovers in 1961-62 by around 10%. However, feeding per animal unit should continue heavy during this crop year.

Best prices in wheat did not hold although there were 2 cargoes worked to India yesterday, and we were told that somehard and yellow hard wheat was sold out of Chicago to milling interests. Beans fluctuated over a wide area but finally closed lower. The Spanish Embassy cancelled an order for $28 1/2 million worth of vegetable oils, mostly soybean oil, because of a claim that prices were too high. Spain now wants to buy U.S. surplus grains instead. This had quite an influence on oil prices, which reacted, but meal futures were strong and this may have been due to the confirmation that several small soybean processing plants had closed down and that another one was planning to shut its doors.

Best opinions in the Southwest were to the effect that in spite of cold weather, winter wheat had probably not been hurt. On the other hand, the western two-thirds of Nebraska has been very dry and they have had practically no moisture in January. Western Kansas has very little snow-covering, if any, and they need moisture. Up to now there has not been much blowing.

Corn was a shade easier and oats were down but trade was not particularly heavy in coarse grains.

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CHICAGO, 4

January 26, 1961

President Kennedy in his first news conference, which was broadcast over radio and television to the nation last evening, stressed again his directive to expand the quantity and variety of foods in the relief program. We note that the Agriculture Department will soon add peanut butter to the list of foods that will be donated to needy families. As we mentioned earlier in these letters, in his first official act as President, he had directed Secretary of Agriculture Freeman to increase the amount, variety, and nutritional quality of foods being supplied to those people in this country who are in distress. Under the directive it is expected that the Department will make available to state agencies other suitable foods held in the Commodity Credit Corporation stock, as well as through direct purchases in the market for the relief program. Apparently this does not require any new appropriations from the Congress, and the Department is permitted by law to allocate a certain percentage of customs receipts for commodity purchases for relief distribution and similar programs.

While no definite date has been set, the President will also personally present a State of the Union message to a joint session some time next week, and at that time there may be some indication of the new administration's stand on wheat and other support legislation, which is probably causing some of the firmness in our markets at this time. We have currently about 4 million persons in 1,100 counties in 120 cities who are receiving relief foods through various welfare agencies and the chances are that with nearly 5 billion bu of various grains accumulated by the government, there may be greater efforts to divert some of these products into domestic use. Our farmers are using three times as many machines and equipment and over twice as many motor vehicles as they were in 1940. Since 1940, or within a period of only about two decades, the per-acre yield of cotton has risen 67%, corn 56%, and wheat 40%. We are producing crops at the present time on about the smallest acreage since 1919.

Our wheat exports promise to be very large during the current crop year and according to Broomhall, the outgo is very heavy, last week's clearances amounting to 14.6 million bu; the total since July 1st has added up to more than 325 million bu compared with only 220 million a year ago. Total shipments from five countries since Aug.1st have been 535 million bu, which is an increase of 112 million over the season earlier. It is, therefore, apparent that the increase has been more than furnished by the U.S., whose wheat shipments are running 115 million bu ahead of last year. It is now thought that we may clear 600 million bu wheat for the entire season, which would be an all-time record, but despite this and the added amounts that will be donated for domestic relief, we are still apt to have a record carryover on July 1, 1961, and thus our problems have by no means been entirely solved. We alsofind that our corn exports of 84.3 million bu since October 1st are running a little more than 10 million ahead of last year. On the other hand, shipments of oats are smaller by about the same amount, while exports of barley have been reduced by about 21 million bu, and even our rye exports, with a larger crop, are nearly one million bu smaller, with only 2.8 million bu placed afloat since last July.

Primary receipts of wheat were 1 1/4 million bu which compared with 1.6 million last week and only 901,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 674,000 bu.

Trade in beans was again large. The market was active and higher. There was some talk that Washington would undoubtedly like to see Spain take the oil, and it is felt that while that country is presently in a comfortable position, they may sooner or later buy considerable quantities of vegetable oils. Meal was quite strong and there was talk that some export business has been put through which gave us the late rally in the markets, carrying bean prices into new high ground. Wheat was indifferent at times although there was a fair amount of export business done. Algeria bought 5 cargoes of various varieties while India bought a cargo of West Coast wheat, and Pakistan was also in the market for some white wheat. Brazil also bought 100,000 tons of hard wheat and Italy bought more than a million bushels. Holland bought about 1/2 cargo of corn for March shipment. Flour business was of moderate volume, but independent bakery buying was not as extensive as some had hoped for. Export flour demand was of modest proportions. There was no sign of heavy hedging lifting in the pit. The effect was mostly psychological.

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CHICAGO, 4 January 27, 1961

Part of the strength in yesterday's grain markets was due to he possibility of higher loans for 1961 crops. Nothing definite has been announced n this regard except that yesterday's meeting of farm leaders in Washington ended n as much discord as before, but officials, including the President, insist on more neetings of this kind, with the hope of resolving farm problems. A newspaper rticle last night spoke of a committee being appointed by Secretary Freeman for he purpose of studying a feed grain policy directed toward the raising of the loan evel, and at the same time reducing acreage by means of an optional land retirement plan with remuneration. Previously, a $1.20 loan had been discussed for corn, but, of course, this is indefinite.

New crop wheat futures are high assuming there is no loan ncrease, and it seems logical that there would be no change between now and harvest, as winter wheat has been sown and it would be costly to raise the support evel. If this thinking is correct, reactions appear likelyduring the growing season even if old crop months stay firm. Cold air still blankets much of the country, but some light snows over parts of the wheat belt gave partial cover to the dormant plant. As of December 1st, a winter wheat crop of 1,034 million bu had been officially forecast, and weather between now and early summer will largely influence the finaloutput, assuming there is no excessive damage from insects and disease. Assuming farmers seed about the same acreage to spring wheat as they did last year, (12.4 million acres) and the yields are average of the last three years, a spring wheat crop of about 240 million bu will be produced. This total output then would be 7% below the 1960 crop but 16% above average, and undoubtedly would be in excess of domestic disappearance and exports, creating a reserve increase July 1, 1962. Domestic disappearance in the 1960-61 season is expected to total about 610 million bu, added to the projected 575 million bu for export, which if proved correct, would mean a carryover total of about 1 1/2 billion bu this July 1st, or an increase of almost 200 million bu.

Despite the cold weather, big feed grain supplies on hand will be more than adequate to meet the feed requirements during the present crop year and still increase the carryover by 10 to 15% over the 75 million tons carried into the present season. The number of animal units to be fed in reality will be smaller than the previous feeding year. It is somewhat ironic that soybean meal has advanced so much with the large amounts of feed available, but processors evidently have been able to export some of their stock and now seem to be holding for higher prices. Temporarily, they may be successful but it seems logical that sales will be more difficult when warmer weather occurs in the late spring. The outlook for soybean oil is quite good, and USDA thinks that clearances will be a good deal larger than the 953 million lbs shipped last season. All of this seems to have caused the most recent rise in soybeans, which were strong at the opening this morning, with the volume of trade still very active.

All futures were strong and some of the grains have been advancing with less attention than might ordinarily have been focused on them with the excitement in soybeans. Corn in particular advanced with new crop months higher on talk of higher feed grain loan. Old crop, though not as strong, nevertheless was well supported on a report that the Department of Agriculture was seriously considering a directive to the CCC requiring them to repurchase in the open market the equivalent amount of corn and grain sorghums that they have been selling out domestically. Later this was denied and prices reacted. Wheat also continued its upward trend with a number of export sales being announced including fair amounts of hard wheat. Farm selling in the Southwest was slack with little hope for pick-up between now and January 31st, the final date for loan entry.

Some profit taking caused a minor reaction in soybeans during the middle of the morning. Otherwise, the upward move was hardly interrupted with prices being up as much as 5¢ for old crop months, and the products, too, kept firm. The open interest in beans has declined a little the past few days, but volume of trade still is quite good and covers by far most of the total Board of Trade volume. Denmark turned down export offerings because prices are too high.

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CHICAGO, 4 January 30, 1961

The first ten days of new government under the Kennedy administration have in some ways been spectacular, and quick movement, including actions of the President himself, has produced quite a few changes already, giving credence to the thought that things are moving and will probably continue to do so. Over the week-end, the "Task Force" that had been appointed by the new Secretary of Agriculture recommended upping of price supports for corn, raising it from $1.06 a bu to about $1.30. An increase of this kind would be tied to a voluntary cut in 1961 production. If the loan on corn were increased substantially by 24¢ per bu, there would have to be proportionate increases in other feed grains. For example, oats would be raised from 50¢ a bu to 61¢; barley from 76¢ a bu to 94¢;and rye from 90¢ a bu to $1.10. Grain sorghums would be increased by about 34¢ per cwt.

Naturally this had an effect on opening prices here this morning, with corn and rye sharply higher even though there is no certainty as yet that the new program will become effective in its present form. If legislators followed out the recommendation, it would undoubtedly create higher prices for meat and this in turn might be self-defeating. It has been the reasonable price for meat that has given us the heavy domestic consumption, and prior to today's announcement, the Agriculture Department had forecast that every man, woman, and child would consume about 165 lbs of meat per year, or an increase of roughly 4 lbs from the year before. The "Task Force" report worked on the theory that its recommendations were voluntary in form and were aimed at trading higher price supports for reduced acreage and production. It would of necessity have to come about in that way because there is hardly time for a nationwide referendum to make it a mandatory program. However, it is believed that an acreage cut would have to be mandatory beginning with the 1962 crop.

Meal prices, particularly those for the distant months, were sharply higher, and this together with higher prices for oil naturally gave us an advance in beans, which opened up several cents per bu. Wheat was also a little higher at the beginning. Farm selling has been limited in the Southwest, and,in fact, is extremely light. Mills seem to be buying at least amounts equal to their grind, and exporters have been fairly aggressive.

The Autralian crop may turn out to be a banner one but prospects for disposal have been enhanced by the recent purchases made by Communist China and indications are that that country may also buy further large quantities not only in Australia, but from Canada as well. There is also a good possibility that more Australian wheat may move to Europe this year because Argentine prospects had been so poor and only a small crop was recently harvested. Under those conditions, Brazil could easily absorb the entire Argentine surplus, which is tentatively estimated at 35 to 40 million bu, so that very little Argentine wheat may move to Europe this season.

Chicago wheat stocks showed a fairly good decrease which amounted to 411,000 bu. This leaves a little less than 7 1/2 million bu here including the amount afloat. Corn went down very little, but beans increased again with 14 1/4 million bu in Chicago including those in boats.

Shortly before noon Chicago time the President read his State of the Union message personally before a joint session of Congress, and he stressed aid to depressed areas, also more food for needy families, and steps to stimulate housing and construction. He also spoke of an increase in the federal minimum wage and expanded coverage. On the question of gold he declared that our financial position remains exceedingly strong, and pledged that the administration's full strength stood behind the value of the dollar. He stated that we need not and shall not take any action to increase the dollar price of gold from the present $35 an ounce.

Our market found support on minor setbacks. New crop wheat futures were strong on the possibility that if feed grain supports are raised, there might be similar action taken for the leading cereal. Turkey bought 100,000 tons of hard wheat for February-March shipment at the Gulf, and Norway bought 5,000 tons of corn for March shipment. Beans fluctuated within a wide range while declines and advances were frequent, and there was no marked weakness at any time. Rye was in good demand, and oats, as well as corn, closed higher.

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CHICAGO, 4 January 31, 1961

Right after our market opened this morning, there were reorts that, despite the famine in China, U.S. officials had claimed that that counry had shipped more than 100,000 tons of rice to Cuba, 15,000 tons of rice to Guinea in North Africa, and the equivalent of more than $20 million in foodstuffs, mainly rice, to Ceylon. Thus China would be exporting food even though it had been sserted previously that they had been struck by the greatest natural calamity in a entury. Actually, there has been no public admission of famine. Our own experts n the Department of Agriculture have said that there has been no evidence of mass amine on the Chinese Mainland, although there are signs of localized scarcities, articularly in South China.

With propaganda such as we have in the world today, particuarly in the Communist countries, we wonder whether some of the food grants for relief are being expeditiously used. To understand our situation. it should be noted hat the people of this country comprise only about 7% of the world's population, but ortunately they own most of the world's wealth. Our per-capita income is now above $2,000 a year and growing steadily. The people of Africa and the teeming hundreds of millions who populate Asia, and constitute the bulk of the world's popuation, have per-capita incomes which are mostly in the range of $40 to $75 a year, or roughly 3% of the average income of Americans. Even the industrial countries of Western Europe have incomes averaging only a quarter to half of ours. Thus here is no chance of equalizing matters no matter how liberal we might become. In he first eleven years after the end of World War II, we spent $57 billion in foreign assistance. Half of this went for rebuilding the industrially developed countries, and 32% of the total went in grants of military equipment; 6% was paid out in relief grants; the remaining 12% was economic development assistance divided about equally between seven strategic spots on the fringe of the Communist world, and 75 underdeveloped countries not so strategically located. There can be little doubt hat the FOOD FOR PEACE PROGRAM will be extended, and surely if we want to be extremely liberal, we could donate in almost an unlimited way.

The first effect of the Chinese news was to give us a sharp break in meal, and this was followed by nearly a 10¢ break in beans when that market opened. Many traders have gone on the theory that because of reportedly poor crops on the Mainland of China, there would be no further exports of soybeans from hat country and that we might have to make up the difference. Whether this will be he case remains to be seen. We feel, however, that a figure of 165 million bu in he way of total U.S. shipments may prove to be an exaggerated figure.

According to The Southwestern Miller, there was a moderate pickup in flour sales, but, of course, wheat was affected by the slump in soybeans. A large southwestern baker began inquiring for offerings on both hard winters and springs to fill out crop-year needs, and it is thought that purchases may amount to as much as a 60-day supply with present coverings extending to about May. There was a stronger tone in both interior markets and at Kansas City yesterday, probably as a result of slow farm selling. Today will be the last day that farmers can ake the loan on all commodities except corn. We shall not get the impounding figures, however, on various commodities until some time later.

Primary receipts of wheat were 1.3 million bu, which compared with 1.5 million last week and a little less than a million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 320,000 bu.

As mentioned earlier, beans were lower with products, and oil was influenced by the fact that both crude and refined stocks according to the Census Bureau Report had been built up since November although in both instances they were smaller than a year ago. The same is true of cottonseed oil stocks. There were some recoveries in both meal and oil, which together with a little bean export business rallied the market. Denmark bought 9,000 tons for February shipment and Norway bought a small quantity of beans for February shipment. Corn did not do much. It is generally felt that there may be a long debate on the floor before support prices will be raised, if at all. Oats, however, were weak, particularly the March delivery, and there are fairly large stocks here amounting to over 4 million bu. The weekly crop summary spoke of scattered light snows over most major producing areas, but snow covering is still below normal.

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CHICAGO, 4

February 1, 1961

Yesterday's agricultural report by the Presidential Task Force indicates more emphasis might be placed on land retirement in regard to future programs. This system was unsuccessfully tried by the past administration, but could be useful if enough acres are taken out of production and full compensation is made for the retired land rather than increasing supports to farmers for the soil left in use. For example, we know of a farm in Nebraska having a total of 213 acres that was divided so that 133 acres were left idle and partial payment was given under the Soil Bank. The remaining 80 acres were irrigated at a cost of $12,000, about half of which (levelling, damming, and terracing) was underwritten by the government. The result is that the 80-acre tract is now producing more corn than was grown originally on the entire farm, and the public helped finance this project. It is true that the farmer was aided but the crux of the farm problem cannot be solved unless land retirement accomplishes its intended purpose of reducing output, and finally eliminating costly surpluses, which in effect are underwritten at the consumer as well as at taxpayer level.

Even if there is a small carryover of soybeans next fall, there is a good chance that part of the remaining stocks will be in our market. Supplies in Chicago are over 14 million bu, so that an average of 2 million bu per month would have to be used or shipped between now and September when new crop harvesting normally begins in order to remove these stocks. The final answer to the carryover situation might depend largely on export demand, both for beans and products, and with the recent market strength, clearances of beans last week declined to less than 1.8 million bu, a figure which was about 300,000 above the comparable week in 1960. Since October 1st, shipments have amounted to 4 1/2 million bu more than for the same period a year ago. Some USDA officials have said they think it likely that bean prices might reach their seasonal peak before March or May and that longs may overstay or have overstayed the market as copra oil in Western Europe is now selling at a discount under soy oil though the former has always been the choice product. They also reiterate the fact that Spain is more cautious in regard to making purchases under the $28 million ICA authorization with American bean oil currently at its high level.

The country movement of wheat in the Southwest is small, with some hope that liquidation might be encouraged by easing prices. Emphasis has been placed on moisture conditions over much of the wheat belt with snowfall well below average for this winter, and a report from Oklahoma says this is the second time in 57 years that this state received no moisture during January. Foreign wheat sales continue in rather good volume, while export flour business fell off to a small total.

Following corn harvest last fall, prices of that cereal dropped sharply, so that the farm rate averaged around 87¢ per bu, which was the lowest since 1942. However, as export demand picked up, markets strengthened and gains averaged as much as 11¢ per bu, though they still were below the January 1960 figures by about 5¢. The value of this grain was determined by record stocks which totaled 4.7 billion bu at the start of this calendar year, 307 million above the 12-month earlier date. Of this CCC owned 1,448 million bu, with an additional 375 million under loan or reseal, and it is interesting to note that the disappearance of corn as grain during the October-December period is practically the same as during this quarter the year before.

Soybean oil, and then the beans firmed considerably when the Director of the Administration's Food for Peace Program asked Agricultural Secretary Freeman to allocate corn, cottonseed, bean or soybean oil to the religious and charitable agencies for the next 18 months under Congressional authority that provides for the distribution of food oil. The Secretary evidently plans to comply with this request, but says it is too early to predict how much oil can be made available. The relief agencies have asked that their total allotments of government surplus foods be increased from 1.9 billion lbs. in the current fiscal year to about 5 billion lbs. in the 12 months beginning July 1st. This caused short covering though it is difficult to determine exactly what amounts of various commodities finally might be used. There is still doubt as to whether Red China has soybeans available for export, and newspaper articles continue emphasing the famine in that country. All grains borrowed strength from the beans and products.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

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CHICAGO, 4 February 2, 1961

The fundamental problem of any market is to move the whole crop ito consumption without a loss, without a shortage, and without a burdensome arryover. Historically, price has been the instrument through which the market ccomplishes this remarkable fact, or at least should do so. When a market is ee, open, and competitive, it makes the automatic adjustment of production to con- umption. When we have normal conditions a constant adjustment is being made on asis of facts and not theory. At the present time we have very abnormal situations, nd the President in his Press Conference yesterday said that sometime next week e would outline his views with respect to the feed grain situation. We naturally do ot know what artificial means may be selected but we warn again that if prices for orn and other feedstuffs are too high, it will interfere with our feeding relation- hips, and may cause secondary consequences probably not considered when the timuli are applied. An increase in the support level of corn of 24¢ a bu could easi- y create such large entries into the loan that meat prices would advance sharply d thus curtail per capita consumption.

We have another factor at the moment which is causing great uncer- ainty. This has to do with the proposal announced yesterday that larger relief dona- ons would be made and that oil might constitute part of the list that would be given overseas'charity. While the latter news was complicated enough by itself, we ad further information yesterday afternoon that Spain had requested offers for 0,000 tons soybean oil for next week and that a similar quantity would be requested or the week following. In the meantime, Spain has apparently switched an author- zation for $23 million to buy vegetable oil to $20 million worth of wheat and $3 mil- on worth of barley. Just how to reconcile these factors is difficult to tell, and it dds somewhat to the confused feeling.

President Kennedy also stated at his news conference yesterday that he administration would send to the Congress during the month of February legis- ation on wheat. Later on something may come out on cotton. To what extent hanges will occur is anyone's guess. The President stated that the Secretary of griculture was working overtime and there can be little doubt that matters are not nly of grave importance to our country, but may affect the surplus problems to a ery great extent. In the past whenever prices were set at artificially high levels, ccumulations increased, and, therefore, we believe that if experience means any- hing, acreage reductions are inevitable and have to fit into the picture. We say his in spite of the fact that our wheat and flour exports are continuing at a record ate. For the week 12.3 million bu cleared and since July 1st, we have shipped 338 million bu, which is 106 million more than for the same period a year ago. Our orn exports are also running heavier than last season by about 16 million bu but his is offset by smaller clearances of oats, which are 12 million less, and barley hipments, which are about 14 million bu smaller.

Below normal temperatures were reported last week over most of Kansas and only small amounts of moisture were received as the need for topsoil moisture continues. Minor soil blowing has occurred in some districts, and alto- ether we have had quite an open winter, not only in the Southwest but practically in ll spring wheat areas and in Canada. Light snowfall covered fields in western Oklahoma late in the week but melted as temperatures moderated. In the main wheat producing areas of Oklahoma, small grains are said to be in good to excellent ondition except for some localities where the crop is only good to fair.

Primary receipts of wheat were 1.1 million bu which was a little maller than last week but somewhat larger than last year. Kansas City and Minneapolis stocks so far this week show a total increase of 920,000 bu.

The bean market continued to be erratic. Best prices did not hold nd late in the session soybean oil reacted with prices lower than the day before. n corn there was heavy commission house buying, and this was probably prompted n the possibility of a higher support being requested by Administration heads al- hough there is no certainty as to what will happen. Oats were also higher while wheat was influenced by reports that India would be in the market for fairly large quantities within the next week. On the other hand mills are complaining of ex- eedingly slow demand for flour. Our March wheat lost some of its premium over May, and there is still so much wheat in the Southwest that we are disinclined o buy futures except on good breaks.

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CHICAGO, 4 February 3, 1961

After the close of the market yesterday, reports came from the Dominion Government at Ottawa that Canada had sold 28 million bu of wheat and 12 million bu of barley to China. In addition to this we have known for some time that Australia was making sizeable sales of various grains, but particularly wheat and flour to the Peiping Government, and all this substantiates the earlier reports we have had: namely, that blight and drought have caused excessive damage to Chinese crops for the past few years. It might be correct to deduct from this that further shipments of soybeans from Manchuria may be halted, although we have recently learned from reliable sources that China had sold fair quantities of rice to Ceylon and other countries, and it is very difficult to get accurate information from Communist countries. Furthermore, grain shipments from Canada will be made via Vancouver, which is not a fast-moving port, and it may take a year or so for total clearances to be accomplished; thus there are still a good many uncertainties in the bean market.

One thing, however, we know, and that is that the price of some futures advanced to new high levels again today, so that actually values are more than 56¢ per bu over the season's low, and surely this must discount some of the bullish factors. Processors are resisting current high asking prices for soybeans in the cash market, but with the sharp advance in meal and oil before our bean market opened, it was a foregone conclusion that we would have further strength here, and this proved to be correct. In the final analysis, the Chinese situation will have considerable influence here because any curtailment of shipments from that country would undoubtedly bring a greater demand for our products, although the higher the price, the less likelihood of any excessive demand from here. There is a certain preference in Spain for American soybean oil because of the way they have admixed it with their olive oil, but in any case cottonseed oil has also been advancing to season's highs, so that one market naturally reacts upon the other. There was a moderate volume of flour sold abroad, and Italy booked 30,000 tons of number two red wheat f.o.b. the Atlantic. A large southwestern baker also entered the market yesterday after the close booking an additional two-months' supply of hard winter and spring flours to fill out the balance of their crop-year needs. There is still a small amount of wheat in the Southwest being offered by farmers, and in some sections snow-covering has been much lighter than in other years. However, there were some fine snows as far southeast as Kentucky and 8 inches had been received at St. Louis, with somewhat smaller amounts in central and southern Illinois. This of course, is favorable for crops in those areas because moisture up to now has been less than normal.

We shall have to wait until next week before learning of the program the President favors with respect to feed grains. Judging from the general undertone of the market and the recent heavy purchases, a good many people expect that the administration will recommend higher price supports for corn and other feed grains. Rye would be classed as a feed grain, although many feeders have rejected it in the past as any ergot content might cause sterility in animals. In the meantime, exports of this cereal are smaller than last year, despite the fact that the crop and total supply were considerably greater.

Primary receipts of wheat were 1.1 million bu which was slightly more than last week and compared with 776,000 bu last year. Kansas City and Minneapolis wheat stocks so far this week show an increase of 1,154,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 5 1/2 million bu.

Despite the improvement in flour demand, wheat was not particularly strong. Beans held pretty well early in the session, but there was some profit taking and the market reacted. There was some talk, but it was not easy to confirm that European buyers were not too happy with some of their recent purchases of beans. On the other hand, meal prices were higher and there was some profit taking in soybean oil on the advance. Corn acted well; much of the recent buying has been based on the possibility that the government will recommend a higher support price for feed grains. In beans we think ultimately the crux of the situation will be whether China withholds further shipments for the balance of this season, but also of great importance is whether the relief donations will be made on basis of this year's crop or whether they will be for more deferred delivery.

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CHICAGO MERCANTILE EX.

CHICAGO 4 February 6, 1961

A good deal of the market strength in soybeans the past week or so can be explained by the support in the products, especially the oil, which has advanced because of the expectation of relief authorizations. After the close Friday, the government announced that through the FOOD FOR PEACE PROGRAM up to 100 million lbs of vegetable oils, including peanut oil, will be purchased in the open market and made available to nonprofit relief agencies overseas. No breakdown was announced as to what quantities of various oils might be used or the time of shipment, so that it might even carry over to the next crop, which is important insofar as soybean oil is concerned. Originally Spain had been authorized to buy under P. L. 480 up to 246 million lbs but took only 44 million, so that their total, with the amount announced for relief, is less than over-all amounts that had been authorized. It may be that Spain will buy some soybean oil with dollars and that further charitable allocations might be announced, and this uncertainty led to further buying of both this product and soybeans at the start this morning, and crop highs were registered in most months. It is still too early to determine whether or not a scarcity of soybeans will develop and there are two divided theories expressed in regard to the export situation. The first is that if prices are too high, prospective buyers might be discouraged from making purchases from this country, and the second is the reverse: namely, that European processing plants cannot use various commodities on an interchangeable basis and that they must continue to crush soybeans, despite the price level, which, if true, could mean that shipments might well exceed the 142 million cleared during the previous season.

Many of the areas planted to wheat that have been the subject of complaint because of dry topsoil were relieved by rather generous amounts of snow and rainfall, which occurred throughout much of the country over the week-end. Whether or not the new administration will increase support prices for wheat growers for their 1961 crop is a matter of controversy but with the winter wheat planted there is some doubt as to the logic of such measures and with this improved moisture situation, we would think that new crop futures in our market might be more than fairly priced at current levels. The Secretary of Agriculture intends to present a feed grain program to Congress late this week, and though higher loans have been mentioned prominently, we know of some influence being brought against a higher corn loan because to do so would only encourage broader production. This on top of accumulated surpluses would prove very costly.

Some pickup occurred in flour bookings for export and with the government's efforts to expand shipments through the FOOD FOR PEACE PROGRAM, their purchases for February are quite large and a huge volume of flour is being shipped abroad for relief purposes. The heavy movement of wheat to foreign countries most likely will continue through the current season, and possibly longer, especially in view of poor winter wheat conditions in most of Europe. Farm marketings in the Southwest have been light and with the snows of the past few days might stay that way at least temporarily.

Chicago stocks of soybeans increased again during the week by 118,000 so that almost 14 1/2 million bu are in this market. This is evidenced by carrying charges in the pit, and might mean that a good percentage of whatever beans are carried over at the end of the season will be in our market. Wheat supplies decreased locally by 197,000 bu, leaving 7.3 million bu. Futures were under pressure with the March selling at a discount below the May partly because there is some hard wheat here for which there is little demand. It also should be pointed out that red wheat east of this market has been redeemed from the loan and is now cheaper than the grain in Chicago. Only a small decline occurred in corn stocks, but 24.7 million bu remain in local elevators of which the largest percentage is CCC controlled. Oat and rye stocks also declined moderately, and these two grains closed about unchanged as traders are waiting to see how the feed grain program will affect these cereals when it is announced later in the week.

Beans lost some of their early gain but closed higher with little specific news during the session, but profit taking certainly should be in order after the sharp advances as a market of this nature must be fed bullish news almost continually in order to sustain the sharp advance. Corn was strong, and surprisingly the nearbys gained with commission houses the best buyers.

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CHICAGO, 4 February 7, 1961

The Federal Reserve Bank of Chicago, in its weekly Agricultural Letter, makes these philosophical remarks: "THE PERENNIAL SEARCH for a workable solution of 'the farm problem' continues with farm leaders, Government officials and others again sifting the chaff of an endless array of proposals in search of kernels which will prove helpful. Several task forces appointed by the new Administration have submitted recommendations recently and the President has said that he will soon make specific proposals to Congress." They conclude by saying: "Experience indicates that spectacular new programs should not be expected. Farm programs have been evolutionary in their development, not revolutionary. Current programs consist of a mix of price support, output controls, export subsidies, consumption subsidies and other measures. Any new program is likely to be composed of familiar ingredients but possibly in different proportions than in the past." In their letter they also point out that price supports obviously cannot be continued indefinitely unless the building up of surpluses is brought to a halt by reducing the inflow to government storage or increasing the dispositions, or both.

New economic thought does not develop overnight, and if the solution had been so simple, we would undoubtedly have had better success during the past three decades in working out a system of helping farmers without bringing about the vast accumulations. One of the factors, of course, that has reduced the realized net income on part of producers is the fact that farm production expenses through inflationary tendencies have risen, and evensince 1957, these production expenses have gone up by nearly $3 billion, reaching an estimated figure of $26.3 billion at the present time. Thus even with cash receipts from farm marketings higher and better prices for livestock, etc., the amount of money which farmers have retained has not been substantially greater. If the government would see fit to raise support prices for feed grains, it would undoubtedly mean higher prices for meat and thereby bring about a reduction in our consumptive demand, particularly at a time when there is an unfavorable trend in employment and when other people are working shorter hours because of a reduced pace of automobile assemblies and lower capacity for steel production. Actually capitalspending is scheduled to decline this quarter and inventory reduction will likely proceed further. The hopeful sign is that most widely held views count on a higher economy level around mid-year although some of these estimates are based on continued rising trend of expenditures by government.

News from a legislator in Washington this morning told of a substantial curtailing of Commodity corn sales on the grain owned by CCC in an effort to bolster corn prices in the Midwest. Before our market opened this morning, meal was weaker and oil was a shade lower, which naturally influenced the bean market. In wheat there was talk of further weakness in red wheat varieties. This centered largely in the St. Louis area, with declines yesterday of 3¢ per bu; farther east the trend was barely steady. However, there was no pickup in farm selling and producers are still showing very little inclination either to redeem or part with remaining free supplies at a time when prices are at or above the loan level.

Primary receipts of wheat were a little over a million bushels which compared with 1.3 million last week and 917,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 363,000 bu.

Beans, as we mentioned earlier, opened lower, but the market was erratic and advanced at one time on a report that Red China had defaulted on two sales of beans to Denmark, only to break later when an international house had word from its Rotterdam office that Communist China had offered 10,000 tons of soybeans to that market for February shipment and a similar quantity for February-March shipment. Under such conflicting pieces of news, it is naturally difficult to have strong convictions. However, the market has had a big upturn and reactions should never prove surprising. In spite of a considerable amount of export business in wheat, futures were lower and we would not be surprised to see more of a decline. Corn prices reacted sharply and new crop futures of wheat and rye were very weak, which in turn affected other delivery months. Flour business is exceedingly light. It will be interesting to see what developments there are in Washington with respect to feed grains. There may be delays in announcing a proposed program.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 8, 1961

President Kennedy is anticipating a deficit of $1.7 billion for he fiscal year ending June 30th. This is in contrast with a slight surplus which had been projected by President Eisenhower before he left office. The President also forsees a $2 billion deficit for fiscal 1962, and under circumstances of this kind, here is little, if any, chance for a tax reduction. The new budget proposes expenditures of $80.9 billion for fiscal 1962, and a figure this large would be an increase of $16.5 billion over the level of fiscal 1955, or roughly an increase of 25%. The 1955 figure was the low point following the end of the Korean War, and ever since that time our spending has increased appreciably. The major national defense category accounts now for only about 40% of the increase although it represents nearly 60% of present expenditures. Government seems to be growing bigger and more costly year by year, and looming particularly large are the rapidly growing expenditures of retirement and disability programs; also, the money is needed for highways, which together account for three-fourths of the combined trust-fund outlays.

Before our market opened this morning, prices for meal were a little lower and oil was about steady. We also had further reports to the effect that Chinese soybeans were being offered to the Continent with a Danish source claiming a cargo offered for February and another one for March. Prices were said tobe below levels prevailing for our beans. There is still some doubt as to whether this represents a re-sale and informed sources are skeptical about any new business from that country. Chinese Communist shore batteries shelled the Nationalist Chinese offshore islands for about forty minutes yesterday, and the general situation seems to be one of great uncertainty. There was considerable selling in wheat when our market opened, and the May future declined nearly 4¢ per bu. Apparently a pocket was hit with a lack of buying orders, so that stops were put into operation, and trade in that pit is not of a very broad nature considering a good many scalpers have moved over to beans. Later on, there were recoveries and the same was true of March oats, which had declined about 2¢ per bu in the early trade. Crop news, particularly in the Southwest, is somewhat improved for winter wheat. In Nebraska, pastures are benefiting from recent snows although there were some sections of the state where soil-blowing had been reported. Western Kansas has not had too much relief yet but elsewhere they had a little more snow in addition to the fall of Monday.

Very little attention was paid to the weekly exports of soybeans, which were about 2.6 million bu. This compared with 1.7 million the week before and 3 million a year earlier. We have been told that the December Census Bureau exports of beans were 20.6 million bu, and if this is borne out, it would mean that total clearances so far this season are about 7 million bu larger than last year, whereas the preliminary figures would have indicated an increase of only 4 million bu. Japan has apparently postponed until Friday a scheduled purchase of 1.2 million bu of U.S. beans.

Kansas City and Minneapolis wheat stocks so far this week show a total increase of 697,000 bu, which would indicate that we may not have much of a decrease in the visible supply next Monday.

Over-all flour business was of small proportions. There was a fair amount of flour sold for export, but the domestic volume was light. The Indian purchase of wheat for March shipment was big, and now seems to total about 7 1/2 million bu. There was also some wheat sold to Turkey, and altogether about 6 cargoes were involved. The wheat market, while it rallied fromthe low point, did not show any strength, and we would continue a policy of only making purchases on good setbacks. After a somewhat indifferent start for beans, the market was aided by reports that the Census Bureau would shortly report to the Department of Agriculture on total shipments. That figure was published just before the close, and prices rallied sharply. Exports are now 7 million more than last year. There is still a feeling that in spite of repeated claims that China is selling additional quantities of beans for export, the stories may prove to be incorrect. We believe that if beans had been offered at prices under the U.S. level, actual business rather than reports would have been the order of the day. Corn was quite weak but rallied towards the end.

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CHICAGO, 4

February 9, 1961

The only Congressional discussion of a farm program occurred yesterday between the President's economic advisors and members of the Senate Agriculture Committee. House leaders have yet to be consulted, so that there is some question whether or not a feed grain program will be presented to the Congress this week, though an article in the New York Times this morning said proposals are being formulated into a plan for presentation in the very near future. The new administration is seeking a measure entailing 25% acreage cuts for feed grain producers in order for them to qualify for price supports, which would be as high as $1.30 for corn, and comparable increases for other cereals. The first half payment would be made for retired land in the form of cash, and further reductions would be rewarded by payment-in-kind. The purpose of all this is to bolster farm income, which has been a subject of great debate in recent years, and it is interesting to note that the value of assets of all farms in the U. S. at the end of 1960 declined $4.3 billion from the preceding year-end. This was the first reversal of a trend established in 1953, during which period land values in particular increased substantially. The fact that the return for most commodities has lessened with the build-up of surpluses has forced some farmers, principally those who own smaller amounts of property to leave the soil for other type work. Of course, property taxes and increased interest charges are also partly to blame.

New legislation would be used as a cure for record supplies on hand, including total stocks of corn, which at the start of the season amounted to 6.1 billion bu. Disappearance is expected to be heavier than any previous season, with larger feeding this year of higher-than-average moisture grain, in order to minimize spoilage. Even so next October's carryover will be increased by about 200 million bu to a record amount of 2 billion bu. Domestic and export oat usage declined during the first six months of the season from the previous year, so that January 1st stocks increased 80 million bu to 851 million total. Therefore, the July 1st carryover of this grain undoubtedly will enlarge. The over-all feed grain supply of 244 million tons at the start of this season was of record proportion, so that some drastic action might be expected in order to reduce surpluses to a working level, after which time we would hope that free market forces governed by normal supply and demand factors might be allowed to operate, as in the case of hogs where prices rise and drop in orderly cyclical patterns depending on the number of animals.

The weekly crop reportsindicate snow in Kansas and Oklahoma benefited crops and small grains continue in generally good condition. Broomhall indicates that winter grains in Europe vary but average somewhat below normal on acreages smaller than last year. Little wheat is moving in our Southwest, checked in part by recent storms, while export business in this grain, as well as flour, continues quite large.

There was no particular news to govern a higher opening in soybeans other than that the products stayed firm after the close of the bean market yesterday and were higher at the start this morning. Including increased exports and a larger crush over last season, total soybean disappearance from October-January this year can be calculated at about 16 million bu above the 1959-60 reporting period.

Soybeans stayed strong much of the morning with new crop highs in all old crop months, and firmness exhibited in the products, particularly the oil. All gains were removed in the last few minutes. The open interest in beans which had increased to over 250 million bu the day before yesterday, declined 4 1/2 million, but remains quite large though a substantial percentage of some traders' positions may be protected by spreads.

Feed grains were higher on the earlier mention of the administration proposal to raise supports, and old crop corn futures also advanced. It is difficult to have firm convictions in this cereal because even if the loan on this year's crop is raised, it must be remembered that large quantities of corn remain in the country, and advices indicate when temperatures moderate that quality will be a problem and marketings might increase rather substantially. There was no particular news to influence wheat, and prices seemed irregular with the March losing on the May, and new crop months below last night's close. Rye, which had been strong early in the session, lost much of its gain.

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CHICAGO, 4 February 10, 1961

Farmers'receipts from marketings rose sharply in 1960 and
uring the second half they were at a record level. The net income per farm also
ose substantially from the depressed level at the beginning of the year but remained
elow the record reached in 1958. Thus the farm sector has continued to move in an
pposite direction to the general trend of business as in other postwar recessions.
evertheless, the new administration is pressing rather urgently its FOOD FOR
EACE PROGRAM, and besides this is extending programs to about one hundred
stressed areas in this country, distributing some of our food surpluses, particu-
rly in sections where unemployment has been accentuated. No Congressional sanc-
on was necessary to carry on these endeavors and the FOOD PROGRAM will add
ainly pork, beans, and eggs to the items that are being distributed to the needy,
ut there will also be some oil, all of which is affecting our bean market and general
entiment. The domestic program means that the government will have to go into
e open market to purchase more items and all this will, of course, have a direct
earing on farm prices and on farm economy.

Besides the food gifts, the expanded Unemployment Compensa-
on Program will probably provide up to $950 million in benefits over the next fif-
een months. Virtually all of these funds will go for the purchase of consumer goods,
that this,too, will help improve the demand for foods. The new President has
rmed relief and redevelopment in the distressed areas as a national problem that
erits action without delay. Therefore, to the extent that food or money is distri-
uted to certain families, it should improve the demand for farm products and
rices.

Before our market opened this morning, both meal and oil
rices showed improvement, and prior to that it was rather difficult to guess wheth-
r yesterday's decline would be extended in beans, but the bean market gets its cue
lmost daily from the prices of products, just the way our wheat market in times
ast would respond to higher or lower quotations at Liverpool. In wheat we are ex-
eriencing a very large export business, and since the 1st of July total shipments,
ncluding flour, have risen to 350.3 million bu, which is about 107 million bu great-
r than the corresponding period a year ago. Weekly clearances were large at
2 1/4 million bu, and there can be little doubt now that a figure of 600 million bu
ill be reached for the entire season, which would be a new record. Five of the
nportant exporting countries have shipped 618 million bu wheat and flour since Aug-
st 1st, and this is 160 million more than was exported for the same period of the
revious season. It is obvious, therefore, that most of the increase is due to larger
hipments from the U.S., although some of the other countries have undoubtedly ben-
fited also fromthe increased world shipments. Our corn exports for the week were
lso quite heavy and rose to 5.3 million bu. Since October 1st, or the beginning of
e corn season, we have sent more than 20 million bu more abroad than a year ago.
his is offset to some extent by 11 million bu less oats and 25 million bu less barley.
ven our rye exports have amounted to only 3.1 million bu since July 1st, which is
slightly smaller amount than we cleared the season before.

We heard from downstate that DeWitt and McLean counties were
oing to offer large amounts of binsite corn for sale in the next few days. Thus this
s contrary to some beliefs that Commodity would restrict its sales, although it had
nly been reported by one of the legislators in Washington and never had official
acking.

Primary receipts of wheat were 926,000 bu which compared
vith 1.1 million bu last week and 755,000 bu last year. Kansas City and Minneapo-
is stocks so far this week show a total increase of 1.2 million bu. When the visible
s posted next Monday, it will compare with a decrease last year of 3.8 million bu.

Trade in wheat was not heavy. Prices were lower and our ad-
ices from Kansas City are to the effect that there may be 2 million bu or more
elivered against the March contract. So far Spain has not booked any soybean oil,
nd there is talk that some processing firms are closing down. This, in our opinion,
vould be more bullish on products than on beans. However, beans recovered from
n early loss and were very firm. Corn was generally weaker and commission
ouses sold the December future. The government proposed program is apparently
eing withheld as we have not heard any recent developments.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 13, 1961

The new Administration had announced that they would present ans for a feed grain program to Congress last week and one for wheat before the d of February. There has been a delay which we assume is due to the difference opinion because of the intricacies of the situation, and according to the National rain Trade Council, it is thought likely that the feed grain proposal, if any, will not e submitted for legislation until later in the month, and it is possible that no new rogram will be voted at all for 1961. Opposition to a raise in corn supports has fected this delay and there is one school of thought that because a large percen- ge of feed grain is used for animal consumption that acreage controls would prove armful. This group would rather see a high loan on soybeans, possibly as much as 2.35, in order to encourage growers to switch some of their land into this com- odity. However, this is a controversial point also. We hope that whatever policy adopted will be one carefully thought out and applicable to current agricultural ircumstances, which are nearly intolerable after years of artificial supports, which ave hardly accomplished their original aim of stabilizing farm income. The stand- rd of living in our country has improved considerably since the 1930's when the na- on was fighting to recover from a severe depression, and at that time farmers, as ell as most other wage earners, were hard-pressed to make ends meet. Technical- we have advanced beyond the sight of programs of that era so that the average merican eats about 100 pounds more food annually than he did in that period, but ecause of carefully regulated diets, the calorie intake is about the same.

Late Friday it was thought that Spain would take sizable amounts soybean oil, but exporters reported this morning that offers have been rejected, cluding 20,000 tons of vegetable oil against that country's ICA authorization. So r nothing has been done with Spain on oil for free dollars so that this product was wer in futures trading at the opening, and beans likewise were affected. At the ame time a large processor announced it would close a number of soybean crushing lants for an indefinite period because of unprofitable operations. Other processors ave closed for shorter periods in recent weeks, and meal has been stimulated by is news as supplies naturally would be reduced. This, too, will have its effect on r soybean market. A USDA representative says that if inspections of this commod- y for January are added to the total Census Bureau figures so far this season, learances would amount to about 10 million more than the previous year.

Temperatures have moderated and the 5-day forecast indicates gher than normal readings for the corn belt, which might force some of this grain the market, plus the fact that binsite offerings are expected to be large for the me being at least. Farm selling of wheat in the Southwest is meager and crop re- orts indicate that the cold winter probably did a minimum of damage, as fall-sown rains in most areas have some protective snow covering. A few exceptions were the Central and Northern Great Plains, where surface soils were vulnerable to lowing. Between July and January, inspections of soft red wheat totaled 42.8 mil- on bu vs. 17.4 million a year ago, adding to the belief that the carryover supplies this variety of wheat could be rather small. Offers were submitted on 150,000 ons of Gulf hard wheat to Turkey, while other business in this and white wheat was nnounced, though Italy has postponed buying for two weeks. In all, export demand ontinues so that over-all shipments should easily be a record high for any season.

Soybeans rallied for a while but most of the strength was in new rop months which, as some rumors had it, might have a $2.35 national average oan next fall. There is no confirmation but even if this should occur, we would uess that plantings would be so large that finally a rather substantial surplus ould cause a good deal of pressure, assuming normal growing conditions exist. the meantime, a good amount of speculation is involved, and old crop months, ost ground as local supplies increased almost 1/4 million bu again to a total of 4.7 million in Chicago. This widened the March-May spread, and we would expect eliveries the first of next month. Wheat stocks decreased 358,000 leaving 6.9 illion bu, while corn increased 215,000 to 24.9 million bu, and surprisingly the arket, especially December, closed higher despite the fact that the corn loan ight not be raised. Nearby wheat was under pressure as some tenders, particu- arly of hard wheat, might occur on the March contract, and red wheat to the east nd south of Chicago is offered for export at a cheaper basis. Oat and rye stocks oth declined slightly, but there was little other news to affect these two grains.

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CHICAGO, 4 February 14, 1961

During the last few years we have had very little regard for the other surplus wheat countries, which have likewise had their problems in cutting down surpluses. Canada in years gone by had a futures market, and their prices at the beginning of the season were often at a good discount under ours, which permitted them to ship large quantities of wheat, and they generally found a ready market because with high protein stocks their grain was in good demand. As a result of the large clearances that took place early in the season, they very often went to a good premium over Chicago before another harvest. At the present time they have had a good many difficulties because we have usurped foreign markets by offering big subsidies, and this has been harmful not only to Canada, but also to Australia, and at times even to Argentina.

The only alternative was to seek other markets where we were not giving wheat away or selling it on an advantageous basis. It should not be surprising, therefore, that Russia and China have been used as outlets for surplus crops, and in recent weeks the Canadian picture has improved considerably, owing to the fact that wheat sales were concluded with both Russia and China, and sales to those two countries have amounted to more than 35 million bu. In these circumstances, it is not unthinkable that total Canadian exports for the year will reach a figure of 300 million bu, and might even surpass it by a comfortable margin. This, of course, is only half as much as the U. S. will export in the current season, but yet it makes for a more satisfactory situation in Canada, where only about 150 million bu of wheat is needed for all domestic purposes, including food, feed, seed, etc.

World shipments are likely to continue on a heavy scale, as European demand is apt to be large again next summer because of the somewhat lessened outlook for the 1961 crop abroad, and some of the extra demand at the moment may be spurred by a fear that the Kennedy administration may boost prop supports. Canada is under more pressure than the U. S. even though a large part of their surplus is stored right on the farms where it is raised. However, there is a limit to how much wheat can be kept back in the country, and after all, they have only one-tenth the population we have, while their supply is about half as large as ours.

One of the eastern newspapers carried an article this morning to the effect that the new Secretary of Agriculture was expected to announce an increase in the cotton support price this week. Congressional sources anticipate that the support level may be raised to about 81% of parity. That would represent an increase of approximately 2¢ a lb. above last year's market price, and action of that kind is pretty much in line with other discussions we have heard up to now, as for example, a sharp increase in the corn loan figure, as well as an anticipated raise in the average soybean loan of 50¢ per bu on next year's production. To what extent these increases will help our surplus problems remains to be seen, but in the past when loans have been set at artificially high levels, we have had increased accumulations, and very often, problems were shifted from one crop to another in an effort to bring about relief for the commodity that seemed to be in trouble.

Late yesterday, Professor T. A. Hieronymus of the University of Illinois, in an Outlook Letter, pointed out that today's high prices for soybeans and products were driving European processors from U. S. soybeans to Africa, where peanuts were being substituted. He pointed out that there was no certainty as to how various users would react to higher prices, but yet it appeared to that observer that current levels were more than high enough to ration the supply.

Primary receipts of wheat were 871,000 bu which compared with a little more than a million bushels last week and 729,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 424,000 bu.

Beans fluctuated within a more narrow range and were fairly firm until the weekly export figure was published. It showed only 1 1/2 million bu shipped versus 2 million bu last year and was considered disappointing. New crop months, however, were relatively strong on the prospect of a higher loan. Wheat prices declined, although not sharply. The March future is only about 7¢ over Kansas City which in our opinion might make tenders here attractive as Chicago wheat for export at this difference is cheaper than Kansas City. Corn was firm, but there is still no indication as to whether we are going to have a request for a big increase in the support. There was only a slight pick-up in flour trade. Bakers were displaying very little interest.

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CHICAGO, 4 February 15, 1961

The soybean export figures were released before the close of the arket yesterday, but were revised later in the day. Shipments for the week ending February 10th amounted to 1.9 million bu versus 2.1 million for the same week in 60, and cumulative totals now are placed at 72 million bu compared with 65 million o this date last year. This lessened the lead over the previous season from what had en indicated earlier this week by a U.S.D.A. official who had placed clearances nce the start of the season last October 1st, 10 million ahead of year ago figures. here is some thought that the January crush was quite large, perhaps another record, t that presently curtailments resulting from poor conversion ratio might offset in rt the increased number of beans that have been converted so far this season as mpared with last. Nevertheless, total disappearance is running ahead, but at the me time the present price level discourages usage to a certain extent as seen by e recent Spanish refusal to buy American oil, and we note an English newspaper port that there are big enough stocks of this product in Europe to take care of many mmitments, especially since competing oils, some of which are more desirable, re now quite competitively available.

Japan this morning announced that they had purchased one cargo of oybeans, but deferred buying two more that they were expected to take, and this, o, might have to do with the current price level. Meal has advanced to about the ghest level that it sold for last season as soybean supplies are smaller along with e additional demand following the recently announced plant shut-downs. However, ed grains are available in record amounts, and the number of animal units to be d in 1960-61 is expected to be a little changed from 1959-60. The feed grain crop s sufficiently large not only to meet feed requirements, but to increase the carry-ver by 10 to 15% above the 75 million tons on hand at the start of the current mar-eting year.

European weather has varied with temperatures moderate on the ontinent, but often wet weather is still a problem delaying field work. Crop con-itions are spotty, but where grains are below normal condition, there is still a hance for improvement as spring weather will be an important factor. The rgentine corn crop is making good headway while reports concerning food grain nd oilseed crops in India are optimistic regarding the possibility of high yields. In e United States the melting snow is adding to the surface soil moisture, but some reas could still use additional precipitation, and in Illinois some late seeded winter heat is showing more brown than usual due to the lack of snow cover during the oldest days. If there is any damage, it is too early to tell the extent of it. Over-eas flour sales were of moderate size, but there is a good deal of wheat business ending, including the possibility of as much as 150,000 tons of hard winter and pring, which will be offered to Spain overnight. Farmers in the Southwest continue o sell only moderate quantities of this grain, and elevator offerings are small also. t the same time the Chicago market has been under pressure as the price for red heat currently is cheaper to the east and south, and some hard wheat here might be endered on March contracts.

Primary receipts of wheat totaled 706,000 bu vs 737,000 last week nd 590,000 a year ago today. Kansas City and Minneapolis stocks have increased 51,000 bu so far this week.

This was one of the quietest days in some time, particularly insofar s soybeans were concerned, and prices also traded within a comparatively narrow ange. Most of the day the level was above the previous night's close while the eal was rather dull, but fairly well supported. Soybean oil, which rallied after our close yesterday, reacted somewhat. There was little particular news, and the rade is still awaiting an announcement of price supports not only on soybeans, but n feed grains as well. New crop corn was supported after a mid-morning break, nd rye, particularly the new crop months, was higher possibly on the expectation f a higher loan for next summer's crop. Part of the strength in the rye might be ttributed to wheat which was influenced by some short-covering, especially the March, and there was some spreading with the purchases of Chicago May versus Kansas City, as well as a little mill buying which may have helped. Oats have ost some of their recent gains as the local supplies seem adequate to take care f nearby needs, and merchandisers complain of slow demand.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 16, 1961

After the close of the market yesterday, word came from Washington
at the new Secretary of Agriculture had sent an emergency proposal to the
resident in final form and that the White House would probably announce the de-
ils sometime today. While we had not received the complete information, it was
esumably a program to raise corn supports from $1.06 to $1.30 for the coming
op and other feed grains proportionately. The higher loan was said to be con-
tioned on a voluntary acreage cut amounting to from 25 to 50% and that a combina-
on of these payments and payments-in-kind would serve as inducements to secure
mpliance. In order that the noncompliance farmer would not benefit too much, it
as also claimed that a provision had been considered to make available defaulted
rn to help keep the market price from advancing too much, which would dis-
ourage farmers outside of the program to increase their acreages unreasonably.
other words, the government would probably sell excess production from the
961 crop within twelve months after acquiring it on defaulted contracts, the result
eing that prices would be forced down, and thus cause a loss to noncompliance
rmers.

Some of this had been anticipated yesterday, and we had last-minute
uying in corn and in beans although there is no definite program yet for beans, and
e do not know whether it will be announced at the same time that feed grains are
onsidered. Should there be an uplifting in the loans of feed grains of about 22%,
nd applying this increase to beans, it could result in a loan next year of about
2.26 per bu. However, as we understand it, present proposals are only those of
e administration, and for corn at least it would require legislative action, so that
ere may be long debates and possibly considerable opposition that would cause
ome compromise before we get a final draft that would affect the farmer's fortunes
the handling and pricing of his crops. It is inconceivable to us that the large
eeders would be too anxious to comply, while those who do not raise feed and have
buy it, would naturally react adversely to higher prices unless there were propor-
onate rises also in the finished product: namely, hogs and in some cases cattle.
onsequently, we have new uncertainties injected into the situation, and with prices
n an advanced level it takes more courage than heretofore to enter the market on
e constructive side at this juncture.

We note with interest that weekly shipments of wheat and flour were
3.6 million bu, and since July 1st, they have totaled 364 million bu or 115 million
ore than for the same period a year ago. There is no reason to quarrel with the
tal clearance figure of 600 million bu at this time, as increased exports may not
eep up, but in any event it promises to be our largest year of clearances in history.

According to the Kansas weekly report, snow over the state the first
art of the week aided topsoil moisture but additional precipitation is still needed
or crops, particularly in northwestern and northeastern parts of that state. It has
een a rather open winter and no doubt good spring rains will be needed to get the
est results. Meanwhile, farm selling remains of small proportion in Kansas and
djoining states, and free wheat appears to be coming out in smaller amounts than
many weeks, all of which helped the market, and in recent days March wheat has
een gaining a little on May.

Primary receipts of wheat were just a little less than a million bushels
hich was slightly under last week, but compared with 613,000 bu last year.
ansas City and Minneapolis stocks so far this week show a total increase of
94,000 bu.

Trade was not particularly heavy, but early in the session the market
as affected by the news contained in the first paragraph of this letter, and some
ew highs were registered in beans. As the session wore on, nothing was forth-
oming from Washington except vague reports that the corn loan might only be
1.20 instead of $1.30, and this brought about considerable liquidation in corn al-
hough the reports are completely unofficial. Congressional action is sometimes
low and there is no assurance that a program will be formulated and enacted in
ime for the 1961 crop. Wheat was fairly firm but selling of the May future against
ther months caused a set-back at times. There was a small business put through
soybean meal afloat to the Continent, and it is thought that Spain may soon be in
e market for a sizable quantity.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

February 17, 1961

Now that President Kennedy's farm plan has been sent to Congress, we must scrutinize the details of the program as it moves toward final draft. Basically it is an attempt to reduce feed grain production by encouraging a larger soybean acreage, and at the same time increasing farm income. The latter might be accomplished though temporarily there is a question as to whether consumer costs might also be affected, and in some cases meat prices at least could increase, but just how much cannot be readily determined. Farmers who reduce feed grain acreages will receive much bigger loans. Corn would advance from $1.06 to $1.20, oats from 50¢ to 56¢, barley from 77¢ to 88¢, grain sorghums from 85¢ to 96¢. Rye producers also would benefit by complying so that the 1961 rate will rise from 91¢ to $1.02. Growers must qualify by voluntarily cutting feed grain acreage by 20 to 40%. Payments will be made by cash and surplus grain geared to the size of the acreage cut-back, and those who do not cooperate would be denied price supports. At the same time they would have to compete with the CCC, which agency will be permitted to sell enough grain from its reserve at market prices in order to make funds available to pay land retirement costs and loan expenses over and above $500 million that the government would allocate. It is, of course, hoped that this will result in a reduction of government surpluses, which would mean smaller federal expenditures to store excess reserves. If a farmer cuts feed grain acreage by 20%, he would receive a cash payment equal to 60% of the value of his crop normally produced on the idle land based on the new support price. If he reduces this acreage by another 20%, he would get an additional payment in the form of government owned surplus equal to 2/3 of the normal yield per acre.

By administrative action (no law required), the Secretary of Agriculture would raise soybean supports from $1.85 to $2.30 by limiting the land formerly grown to soybeans or to land diverted from corn or pastures to beans. Soil diverted from other crops will not qualify for the $2.30 support price. The feed grain program would be operative for one year, more or less as a stopgap measure, and new legislation for these cereals as well as for wheat in 1962 probably will be worked out basis the success or failure of this plan. We think therefore that there is a good chance that no action will be taken regarding a change in the 1961 program for wheat as winter wheat has been planted and will begin growing in a very few weeks. Congressional leaders indicate that they will attempt to gain legislative approval of this program as quickly as possible, which would be in compliance with the President's wishes so that the new measure might be operative by the middle of March.

There has been some criticism of the Administration's program mainly to the extent that the loan level might be too high, and consequently, that such a plan would be disruptive to the livestock, poultry and dairy industries. We would think that as far as any effect on our market is concerned, new crop soybeans, especially the September, would be too high on the basis that the acreage planted to this commodity might be increased by a fairly large amount. Assuming this is so, any premium for early harvested beans certainly would be taken advantage of, and consequently, it appears probable that the September, which always in recent years has been partially new crop, would lose most or all of its premium over the November. Therefore, the sale of September versus the purchase of November on a spread basis might prove highly profitable. New crop months were somewhat lower, but nearby soybeans were well supported again with the volume of activity only fair. Except for some spreading the products were dull, and there was no particular news.

Wheat was under pressure and flour business is slow though export mills are awaiting big CSS awards Monday. In the meantime Canada has sold rather sizeable amounts of wheat to Czechoslovakia on a partial credit basis with the Canadian government guaranteeing the credit. Farm selling in our Southwest was light with firsthand offerings above the market, and export sales were small, but almost everyday some foreign purchases are made. Corn reacted as the loan rate had in reality been anticipated at a higher level, but we would hesitate becoming too bearish until we get more information regarding farmers' intentions as certainly the size of the crop will be the important factor. When the wheat visible is posted Monday it will compare with a decrease of 3,212,000 in 1960.

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CHICAGO, 4 February 20, 1961

Congress will go to work this week on the President's Agricultural Program, and it is generally thought likely that at least in some modified form we will get a bill raising supports of corn and sorghums, but there is still some doubt as to whether other feed grains, including rye, will be affected. The corn program will, of course, require special legislation and recommendations have already gone forward to bring about a shift of some of the corn land to beans, although the first 20% of the corn acreage retired would have to go into fallow land with a monetary consideration for that part of the acreage taken out of production. The second 20% according to the recommendation, could be put into beans and still the farmer would receive reimbursement by payment-in-kind from government-held corn. It is further stated that under this new feed grain program, the $2. 30 bean loan would apply to the crops that were grown on land during the 1959-60 base, or on additional land taken out of corn. Any other increased acreage would not be eligible for higher supports. Those in Washington who have been following the situation closely believe that about 2 million more acres of beans will be planted next summer, and this is not surprising because the high prices that have prevailed would almost have encouraged that much of an increase.

Prices for products, which is to say, soybean oil and meal, were weaker at the opening this morning, and this came about despite a Communist radio report last Saturday to the effect that famine-stricken Red China faces the threat of renewed drought this year. Authorities in that country have ordered that precautions be taken wherever possible, including spring irrigation and other efforts to retain moisture in the fields. It was claimed that very little rain fell this winter in Northern China, where fields in some areas are showing signs of drought damage, and it is feared that the situation is becoming intensified. No program has yet been undertaken with respect to wheat, although we hear that the only thoughts being retained at this time are in connection with a Certificate Plan, which would mean lower prices for wheat entering export channels, and that the higher supports would pertain merely to those quantities needed for home usage. Whether a program can be put into effect in time for spring planting seems doubtful, but we are rather inclined to think that most attention will center on the 1962 crop. Even with this in mind we shall need a high production in order to take care of a good many commitments already undertaken, as for example, wheat exports to India and smaller quantities to other countries that depend on us.

It might also be stated here that the soybean program would not be contingent upon the Congress passing a feed grain program for the 1961 crop, and for all practical purposes, we may assume that a higher loan will become effective under administration edict since beans are not a basic commodity.

Wheat prices were rather firm at the beginning of the session and there was not too much news surrounding this crop except that the tightness of free wheat has become more pronounced in the Southwest and line elevators reported extremely small purchases from farmers. There was some moisture but western sections of the belt did not get much relief.

When the visible supply of wheat was posted, there was a decrease of 3. 1 million bu, but we still have 450 million bu in all positions which is a fabulous amount compared with times past, and is even 75 million bu more than last season. The corn visible showed an increase of 1. 4 million bu, and beans showed a small decrease, but we have 30. 4 million bu in various markets, of which more than 15 million bu or half is right here in Chicago.

Trade was active at times. Wheat was higher although bakery flour business was still of very small proportions, but some awards are being made today against export flour relief. Beans were inclined to be reactionary, and while there was a bulge at one time, the market weakened again when word came that the Spanish Ministry had announced last Friday that soybean oil was too high, and that their requirements would not total over 50, 000 tons until the new olive crop came in next summer. Corn was weaker, and this cereal has lost some of its friends owing to the fact that the new loan is not expected to be as high as was earlier predicted. Rye was weaker, and unless there is a high support price for this commodity, we feel that present levels are high enough. Oats were weaker except for comparative strength in the deferred months which may be influenced by the possibility of a smaller acreage.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 20, 1961

Congress will go to work this week on the President's Agricultural Program, and it is generally thought likely that at least in some modified form we will get a bill raising supports of corn and sorghums, but there is still some doubt as to whether other feed grains, including rye, will be affected. The corn program will, of course, require special legislation and recommendations have already gone forward to bring about a shift of some of the corn land to beans, although the first 20% of the corn acreage retired would have to go into fallow land with a monetary consideration for that part of the acreage taken out of production. The second 20% according to the recommendation, could be put into beans and still the farmer would receive reimbursement by payment-in-kind from government-held corn. It is further stated that under this new feed grain program, the $2. 30 bean loan would apply to the crops that were grown on land during the 1959-60 base, or on additional land taken out of corn. Any other increased acreage would not be eligible for higher supports. Those in Washington who have been following the situation closely believe that about 2 million more acres of beans will be planted next summer, and this is not surprising because the high prices that have prevailed would almost have encouraged that much of an increase.

Prices for products, which is to say, soybean oil and meal, were weaker at the opening this morning, and this came about despite a Communist radio report last Saturday to the effect that famine-stricken Red China faces the threat of renewed drought this year. Authorities in that country have ordered that precautions be taken wherever possible, including spring irrigation and other efforts to retain moisture in the fields. It was claimed that very little rain fell this winter in Northern China, where fields in some areas are showing signs of drought damage, and it is feared that the situation is becoming intensified. No program has yet been undertaken with respect to wheat, although we hear that the only thoughts being retained at this time are in connection with a Certificate Plan, which would mean lower prices for wheat entering export channels, and that the higher supports would pertain merely to those quantities needed for home usage. Whether a program can be put into effect in time for spring planting seems doubtful, but we are rather inclined to think that most attention will center on the 1962 crop. Even with this in mind we shall need a high production in order to take care of a good many commitments already undertaken, as for example, wheat exports to India and smaller quantities to other countries that depend on us.

It might also be stated here that the soybean program would not be contingent upon the Congress passing a feed grain program for the 1961 crop, and for all practical purposes, we may assume that a higher loan will become effective under administration edict since beans are not a basic commodity.

Wheat prices were rather firm at the beginning of the session and there was not too much news surrounding this crop except that the tightness of free wheat has become more pronounced in the Southwest and line elevators reported extremely small purchases from farmers. There was some moisture but western sections of the belt did not get much relief.

When the visible supply of wheat was posted, there was a decrease of 3.1 million bu, but we still have 450 million bu in all positions which is a fabulous amount compared with times past, and is even 75 million bu more than last season. The corn visible showed an increase of 1.4 million bu, and beans showed a small decrease, but we have 30.4 million bu in various markets, of which more than 15 million bu or half is right here in Chicago.

Trade was active at times. Wheat was higher although bakery flour business was still of very small proportions, but some awards are being made today against export flour relief. Beans were inclined to be reactionary, and while there was a bulge at one time, the market weakened again when word came that the Spanish Ministry had announced last Friday that soybean oil was too high, and that their requirements would not total over 50,000 tons until the new olive crop came in next summer. Corn was weaker, and this cereal has lost some of its friends owing to the fact that the new loan is not expected to be as high as was earlier predicted. Rye was weaker, and unless there is a high support price for this commodity, we feel that present levels are high enough. Oats were weaker except for comparative strength in the deferred months which may be influenced by the possibility of a smaller acreage.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 21, 1961

Economic conditions in this country have altered very little during the past few months even considering the change of administration. The stock market has displayed an optimistic undertone even though a pessimistic picture has been painted by some in Washington, and a number of bills are being introduced supposedly to prop a sagging business climate. Steel production has jumped to its highest level in 8 months, and automobile producers are a bit more optimistic after slow start for 1961 models. Expert viewpoints vary as to the future health of the conomy, but we would expect government spending, particularly in the fields of ational defense, missiles, and space projects to broaden, and with new legislation irected toward aiding unemployment, education and other welfare measures, there ppears little hope for curtailing inflation or even slowing the pace considerably during the next 12 to 18 months.

A minimum wage increase certainly would be paid for by increased consumer prices, and though the gross national product is expected to rise, overall government spending (including state and local), which increased $10 billion last year, is bound to advance. Gradual capital outlays could reverse the unemployment rend, but the population expansion has something to do with this as more wartime babies are reaching a working age. Even though the profit outlook would be projected by consumer price increases large enough to cover wage and other cost rises, there still appears to be little, if any, tax relief without further imbalancing the budget. An example of improving consumer purchasing power in the U. S. might be pointed out by an interesting statistic. The median family income rose from $3,000 in 1957 to $5,400 in 1959. During the latter mentioned period, 1 of 8 of the nation's 45 million families received incomes of $10,000 or more, and about 2 in 5 had incomes in the $5,000 to $10,000 range. How much more money an individual has been able to save might be a fair measure of how inflation has affected each family despite increased earnings.

Rather heavy snows were reported in the south plains of Texas and some other sections in the Southwest had rain while thermometer readings in the Midwest are expected to rise above normal levels for this season. European crops apparently have come through the most critical portion of the winter with less than the usual amount of winter kill with generally good moisture supplies. However, the acreage in many cases is well below last year. Evidently the administration's feed grain program will remain in Congressional committees for at least a week, and there is some concern as to whether final passage might be attained by the middle of March in time for spring planting. Since the start of the season, the CCC has sold 65 million bu of corn for both export and domestic consumption, quite a bit more than during the same period last year. The corn-hog ratio at 16.4 is still a good deal better than a year ago.

Also in the news is talk of USDA purchases of chickens for the School Lunch Program, and rolled oats for distribution to needy families. The CCC announced negotiations to buy various amounts of vegetable oil shortening and cottonseed salad oil evidently for relief purposes. Total food donations at home and abroad have mounted even above the last half of 1960 when 20% more was distributed over the year before. There was little other news overnight, and beans had a weaker undertone at the start following a lower opening in the products, and the demand for cash meal has eased the past few days, probably as a result of the lower trend in other feeds.

Agriculture Secretary Freeman appeared before the Congressional Committee in regard to hearings over the feed grain program, and one stipulation that very possibly might be made is that the CCC will not offer corn for less than $1.05 national average. If true, this would be an important factor in helping growers determine whether or not they will comply.

During the week free stocks of wheat in Chicago decreased 178,000 bu leaving 6.7 million bu here, while free corn increased 826,000 bu to 11.1 million. Corn, particularly new crop, rallied probably because the $1.20 loan rate is given a better than even chance of becoming law, and soybeans also firmed late in the morning as short covering occurred, and new crop months also were strong as the $2.30 loan will be effective regardless of whether the feed grain program is approved. There is some indication that tenders on the March contract will be very heavy, and we note that deliverable stocks amount to 13.6 million bu. Oat

supplies in Chicago appear ample for the balance of the season.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 23, 1961

Experience has shown that the more controls placed on peoples of any ountry, the less will be their development. In order for free enterprise to thrive, he entrepreneur must have at least some promise of success and risk money has o be encouraged to get investors to supply the capital. Unfortunately, when a government intervenes, what meets the eye is not as important as what fails to meet the eye. Relatively speaking, our country is still not nearly so restrictive as many others,and thus business has had a pretty good atmosphere in which to work. On the other hand, in a country like India, a man must have a license to start a business, to build a factory, to expand it, to issue new shares, to change he board of directors, to buy steel, or even to ship goods from one Indian state to another.

We have been talking lately about lowering the depletion allowances in oil. The obvious intent is to raise more tax money, but the secondary consequences are probably ignored: namely, of keeping our oil reserves high. It might be well to review in this respect what has happened to some of our Latin American neighbors. For example, Argentina had one of the best oil prospects but foreign capital was shut out during the Peron regime from 1946 to 1958. By 1958, Argentina was buying about $250 million worth of goods more than it was selling; and by chance this was about the amount it was spending for imported petroleum products, despite its own large petroleum reserves. Again in Chile, oil development has been a government monopoly since 1928. The government found no oil until 1949. It still does not meet Chile's oil requirements. The Chilean legislature in 1959 defeated a proposal that the northern part of the country be opened to foreign oil companies. Also, in Brazil, they locked the door on foreign capital in 1953 and set up a government oil monopoly, "Petrobras," to be financed out of taxes with initial capital of $80 million. In 1958, Brazil was importing four timesas much oil as it was producing, and was, like Argentina, paying about $250 million for these imports. All these interferences should be a lesson to us, not only in the field of oil, but in every other phase of free enterprise. We should also recognize that the greatest need of underdeveloped countries is to develop.

After the close of the market on Tuesday, weekly export figures were published on soybeans, showing that clearances had amounted to nearly 3 1/2 million bu, which was roughly 3 million greater than for the same weekly period a year ago. The season's total of 75.5 million bu is about 10 million more than last year. It is also expected that grindings will show about 12 million bu more, so that altogether we are prepared for a very close adjustment before the end of the season, particularly if a larger acreage is sown, as it takes about 1 1/4 bu per seeded acre.

Advices from Washington were to the effect that the Senate Agriculture Chairman saw a good prospect of Congress approving the feed grain bill by mid-March. In the meantime Secretary Freeman said that irrespective of such action, the higher bean loan would become effective.

Brazil is negotiating for another agreement involving one million tons U. S. wheat to be taken in balance of 1961. While Japan purchased 9,000 tons of soybeans for March that country is reported to have been issued licenses on 100,000 tons so that buying against these commitments should start within the near future.

Primary receipts of wheat were 1.2 million bu compared with less than a million last week and 559,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 371,000 bu.

We had a big market in beans as was to be expected, and in addition to the rise in the market, September was wanted against sales of November on the theory that the carryover reserve would be small. On the other hand we feel certain that high prices will be a deterrent to further large sales. New crop wheat futures were influenced a little by an attempt to attach an amendment to the feed grain bill to raise supports, but this probably will not be sustained according to a press dispatch that broad general agreement had been reached on administration proposals along the lines that President Kennedy had urged. The Secretary asked for prompt action, claiming that the feed grain-livestock complex is the largest part of our agricultural economy, and that it accounts for nearly two-thirds of gross farm receipts. Corn was fairly firm but part of this might have been due to the strength in other pits. Flour business was slow.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 24, 1961

A number of weeks ago a prominent weekly magazine wrote about soybeans, and at that time mentioned a possible price eventually of $3.00 a bushel for his commodity. This "target" is very nearly a reality as all old crop months rose he daily 10¢ trading limit yesterday, and after a lower opening strengthened coniderably this morning. The reason for this bull market is that usage is running t a rate, if maintained, that could mean an eventually no carryover next October 1st. The number of beans converted during January totaled 38.3 million bu, a new ecord for a monthly period and compared with 37.7 million during December, and ess than 34 million during January 1960. From October 1st to the end of last month, over-all crushing amounted to 148.3 million bu or about 9 million more han during the same period last season. Over 19 million bu more than last season's total have been converted and exported in comparison with last year. It must be remembered that many new crop beans normally have been harvested in September in past years, and especially if there is a premium incentive will producers rush to combine their crop. We are told that growers already are attempting to buy early maturing soybean seed so that if the planting and growing season is reasonably normal, we would expect September to lose much or all of its present premium over the November. With 15 1/4 million bu of beans in Chicago, some of whatever reserve there might be could be in our market.

Impounding figures released on wheat last night show that 45.6 million bu were put under loan during January and with redemptions of 77 million bu, the net under support is 340 million. This compares with 300 million net under loan the previous season when the crop was 237 million bu smaller, and even though exports are running substantially higher than a year ago, the amount of available free wheat is larger. Corn impoundings reached the 376 million bu mark as of the end of last month, which is a fair amount above the same reporting date in 1960,and farmers have additional time in which to take the loan for this cereal. It is noteworthy that 224 million bu went under price support during January, which is a record amount for one month. 4.7 million bu of rye is under loan compared with only a million by this date last year.

Evidently progress is being made on the feed grain program and Congressional advices seem to feel that passage might be possible by March 15th, although some concessions or compromises might be made before final draft is completed. There has been no further talk of including a support increase for wheat, but the Secretary of Agriculture has discretion to increase the loan from 75% of parity, at which it is now set, to as much as 90%. As winter wheat was planted last fall and will begin growing in the next few weeks in the southern portion of the wheat belt, there seems to be little reason to add to the $1.77 national average support which presently is in effect. Farm selling in our Southwest still is exceedingly light in Kansas and adjoining states, and flour business also is slow.

The bean market was erratic including some profit taking, but final quotations were near the highs. The same was true for the products which rallied considerably and then reacted, especially the meal. The price pattern in recent weeks has been one of almost a straight line, and regardless of the final outcome, we would be very cautious about buying beans on bulges, particularly above the $3.00 level unless exports keep their lead over last year's rate.

Other grains were mixed with old crop wheat lower while the new crop months actually were higher, and there was no real news other than unwinding of spreads. The amount of free wheat available in comparison with last year has something to do with this, and though a few people might be concerned about a higher wheat loan, this is hardly to blame unless some positive action is taken and time is a factor as the growing season is almost upon us. Since the start of the season wheat and flour exports are 380 million vs 273 last year, while corn clearances since October 1st are 104.4 million compared with 82.6 million by this date a year ago. Oat shipments are running about 10 million behind last season's rate while rye exports at 3.3 million are pretty much in line. When the wheat visible is posted Monday, it will compare with a decrease of 1.6 million last year, not including additional terminals. Feed grains were not much changed pending further news on the program before Congress.

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CHICAGO, 4 February 27, 1961

Before our market opened this morning, there were advices from Washington that the House Subcommittee was expected to recommend today to the ull Agriculture Committee, details that have been discussed concerning the feed ill. We have known for some time that a good many amendments had been proosed, but it is our understanding now that to be eligible for price supports, producers of corn, grain sorghums, soybeans, or any other feed or oil crop designated by the Secretary must participate in the corn and grain sorghum land retirement program. We have also known for some time that due to the high loans there has been quite a revolution in agriculture, and because of the improved techniques in arming, we have reached a point at which agriculture today is a big business, and where surpluses are bearing heavily upon the markets even though many of them are temporarily withheld from consumptive channels. We have come a long way rom the time of President Cleveland when he vetoed an appropriation of only 25,000 to buy seed corn for farmers ruined by drought.

It goes without saying that because of the mistakes that have been made in the past, we shall sooner or later have to devise some method to prevent his country from being crushed under its own mounting abundance. However, in umping from one emergency to another we have to be doubly careful not to make a second error that might again prove unworkable and costly. In the past we have always tried to limit the role of government to those functions which private individuals could not perform as well. We shall have to decide soon for the years ahead whether we will as a people gradually become less self-reliant, less willing o assume responsibilities, and whether we wish to seek increasingly delusive shelter and deceptive security of government.

There were reports after the close of the market Friday that 50,000 ons of soybean oil had been sold to Spain, and while it was difficult to get direct confirmation, the oil and meal markets opened considerably higher, and so it was a foregone conclusion that we would have higher prices for beans, which was the case, and new highs were again established when first prices were registered. There was a considerable amount of moisture over the week-end but most of it centered around Mississippi and Alabama, where they had been deluged by rains previously but there was also a good deal of snow in parts of Indiana and Kentucky, but in the Southwest, including Kansas, Oklahoma, and Texas, the amounts were generally small and in some cases only a trace was reported.

The country is still selling very meager amounts of wheat and producers are said to be strongly resisting sales at prevailing levels. Exporters have concentrated their buying largely from CCC stocks and the impression prevailed that enormous quantities had changed hands at about $2.23, track, Gulf ports. The wheat crop, as we had reported earlier, turned out poorly in Argentina but the outlook for corn continues to be optimistic, and if the present outlook is maintained there is a chance for a crop of about 225 million bu, which would compare with a small harvest of 161 million bu last year and 193 million two years ago. Thus that country should have a reasonably good exportable surplus of about 138 million bu. However, the full quantity may not be shipped as some corn may be set aside as an emergency stock.

Chicago stocks of wheat, including the afloat, decreased 244,000 bu leaving about 6 1/2 million bu here. Beans increased again and we have nearly 15 1/2 million bu including the amount in boats. The main feature was again in beans, and that market went up at one time nearly the 10¢ limit with products keeping pretty good pace. The full House Agriculture Committee passed a feed grain sub-committee bill authorizing corn loans at $1.20 with supports for other feed grains to be adjusted upward. However, to be eligible for corn, grain sorghum and soybean price supports, farmers will have to reduce their corn and grain sorghum acreage by 20%. Payments will be made in cash at no more than 50% of the normal yield. Wheat prices were not particularly influenced by higher beans except that the new crop months were up sharply, and some traders entertain the idea that if they raise corn supports that this may be the first step in an effort to help other cereals. Rye was quite strong. December corn declined more than old crop months. The feature that would allow Commodity to sell corn and grain sorghums at any level not less than 17% under crop support was disclosed. For corn this would be $1.00 per bushel.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 28, 1961

Dr. Willard Cochrane is apparently the chief authority of the new ipproach to our farm problems. He has been a Minnesota University Professor ind is now economic adviser to Agriculture Secretary Freeman. During the campaign Mr. Cochrane was trying to guide policies of President Kennedy. While imendments and changes will be offered, the general aims of the administration vill be followed. Thus the ideas have undoubtedly originated in the mind of this one economist, who saw fit to boost price supports on corn and feed grains, despite iny opposition that came from business groups and the conservative American Farm Bureau Federation. He envisaged the necessity of requiring farmers to cut back heir acreage, but in turn would pay them for it, and for doing so producers would receive higher supports. Up to this point the farmer had really received first consideration but the added control was that the administration had asked for power o sell its surplus grains from its warehouses to drive down the market price if in ts opinion prices were too high. In other words, it was a threat against the non-compliance farmer who might benefit from a higher market if the government stayed in possession of its grain holdings. All this, of course, suggests that we may whittle down our accumulated surpluses, yet we are always afraid that there is a chance for public indignation to be aroused to such an extent that all farm aid may be shunned, particularly by those people living in the cities, if their prices are driven to unusually high levels.

Sometimes we feel that the best results could be accomplished by abolishing unworkable laws rather than by trying to establish new ones. There are oo many conflicts presently for a farmer to cope with, which renders his usefulness ineffective. For example, one segment of agriculture is making payments to producers for lime and phosphate, which adds to our agricultural efficiency, while hrough another agency we are trying to cut down the amount of land under cultivation. Thus we find that the government is subsidizing production on the one hand, while trying to restrict production at the same time through acreage and marketing controls, and making a return to Soil Bank practices.

Before our market opened this morning, we had lower prices for oil and meal, and this gave us weakness in beans, although the latter was shortlived, in spite of rather heavy tenders that were made. Buying appeared on the first minor recession and there was a quick response, particularly as new pressure did not immediately develop. We understand that offerings are going out on 150,000 tons hard winter and spring wheat and will be submitted shortly to Spain, with acceptances tomorrow. Brazil is also receiving some offers on 100,000 tons of Gulf hard wheat for April, while India will probably be in the market some time next week for a big quantity of hard wheat at the Gulf. Altogether, there is a pretty large business in the offing and export flour sales have also increased sharply.

Not much attention was paid to the statistical news and, as we mentioned earlier, beans, after an early start, went into new high ground and there was further widening of the spread between September and November with some raders apparently fearful that if there is going to be a close adjustment before the end of the season that Chicago may not have enough beans here to take care of commercial demand. In our own opinion we shall have a larger acreage, and, of course, with a premium of 25¢ per bushel or more for the September over November, farmers will make every effort to take advantage of the prevailing premium of the nearby month. If this is correct, there should be considerable narrowing before we finish. At noon the tenders against March contracts were heavy in beans with nearly 7 million bu registered for delivery. The amount of wheat was very small, only 15,000 bu tendered, but we heard of a transaction whereby one of the elevator interests had taken about 1/2 million bu from one of the line houses, and the price paid was just about in line with the March contract. Nearly 1 1/2 million bu of oats were tendered, and 735,000 bu of corn. In addition to the above 165 lots of meal were put out.

All this did not have much influence on the market, but speculation is running at such a pace that the effects may be more noticeable later on, particularly if some of the longs who presently are confident may try to sell out. The nearby futures of corn representing the old crop were stronger than the December future. Wheat was higher for old crop months. There is still great doubt in our mind whether next summer's wheat loan will be raised.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 1, 1961

From the low of last November, March beans had advanced 95¢ per u when the high point was reached yesterday. After the close of the market it as found that the sale of 35,000 tons soybean oil to Czechoslovakia represented ot a new sale but instead was a contract entered into about six weeks ago. The il market broke sharply after beans closed yesterday and later we had the weekly xports, which totaled only 1.1 million bu. This was 600,000 bu less than last ear so that the cumulative totals on this crop are now about 9.5 million bu greater. Ve have felt certain for some time that the higher the price, the more likely the urtailment in shipments abroad, although this morning nearly 2 cargoes were sold o Japan but that is still one of the countries that depends so much on us and probably had all been contemplated, so this really did not have too much market effect. nstead we had a very weak opening although the decline was not as great as some ad feared.

According to a dispatch received from The Southwestern Miller, the Kennedy administration has not ordered any study on the advisability of raising the inal 1961 wheat loan above the $1.78 level tentatively set. This was apparently earned on good authority from Washington, but instead attention seems to be focusing on the writing of a 1962 program that will be submitted after Congressional action is taken on the 1961 Feed Grain Bill. Wheat exports are expected to beat an all-time record this season and should reach a figure of about 590 million bu compared with only 510 million last year. The highest previous record was 550 million bu in the 1956-57 season. In the first half of this year's crop season, wheat and flour exports totaled nearly 298 million bu, which was larger than any amount ever shipped during the first half of any marketing year. Apparently the small harvests in Southern Europe were responsible for changing Spain and Italy from exporters to substantial importers.

According to the Kansas State Report additional moisture is still needed in many western areas but further greening-up took place over the state with generally mild temperatures and scattered light precipitation. For Nebraska winter grains are generally in fair to good condition but soil blowing in some localities in the West and Southwest has weakened the plants. As for European crops, weather conditions seem to be more favorable on grains already in the ground and for soil preparations. Field work seems to be more active now, and this is particularly true in France. Occasional rains in Western Germany have occurred so that feeding there has been under way. Private reports believe that the acreage planted to winter wheat will show practically no change from last year.

The White House said that President Kennedy would send Congress special messages next week outlining his farm and housing programs. Meanwhile, organizations representing virtually all growers and marketers of grain in Texas joined Saturday in a battle to defeat President Kennedy's proposed Feed Grain Bill, charging that it would centralize all marketing of grain in the hands of the Commodity Credit Corporation, and would bring a lower total cash return to grain producers. They further thought it would leave grain prices subject to the caprices of bureaucrats rather than to economic factors, thus disrupting feed producers to the extent that they would find it impossible to operate with any degree of assurance.

Statistics today were relatively unimportant. The bean market, after some recovery, declined again and closed down the limit. However, the ICA authorized Formosa to buy $13.7 million worth of U.S. soybeans as well as $2.5 million worth of cotton. However, only 1.8 million bu of soybeans must be shipped by June 30th while the balance has until the end of November to run. Actually $7 million cannot be purchased before June 1st and not later than November 30th. The Senate Agriculture Committee approved a draft for the feed grain bill. It would raise corn supports to $1.20 and other feed grains in proportion. However, it revised the administration's recommendation so that a cut in corn and grain sorghum acreage would have to be 30% in order to qualify for the supports. Producers making these cuts would receive cash and payments-in-kind from the CCC stock. The major change by the Committee was that they rejected a proposal that the government be permitted to sell surplus feed grains on the open market at something close to the market price. At the same time it was voted, but not included in the bill that the Secretary of Agriculture not go through with his proposal to raise the support price on soybeans.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

March 2, 1961

The 10¢ break that we had in the soybean market yesterday was the first such event since May of 1956. While a fluctuation of that size is not as large in proportion to a similar decline in cheaper selling commodities, it is, nevertheless, an indication that the market had been greatly overbought. We are not ashamed of the fact that we have been cautious for the last few weeks, and did not encourage anyone to extend himself on the sharp advance. On the other hand, it was our confirmed judgment at the beginning of the crop year that we might have a very large usage, which would give us a considerably smaller carryover by next October. Practically every successive year has shown improvement in uses for beans and the products, so that a total production of 500 to 600 million bu is no longer excessive, whereas 32 years ago this country raised less than 9 million bu of beans but our production ever since has steadily mounted. We have surpassed China's ability to raise banner crops. This is quite an accomplishment because the first soybeans were grown in Southeastern Asia long before records were kept, and they were cultivated in Japan and in China even before we knew much about them in this country. Today, soybeans are nationally the fifth most important U. S. crop as a source of income, and here in the Midwest they are second only to corn. How different this is where for wheat we have been trying to keep prices at artificially igh levels.

Yesterday one of the Agricultural Committees strongly advised the ecretary of Agriculture not to increase price supports by 45¢ per bu, and we think hat most of the people in the industry feel likewise, so that we do not make the ame mistake for a commodity that has been going into normal trade channels to he great benefit of our producers. We are entirely in sympathy with trying to alleviate the miseries of people in distress, particularly those in our own country. Each day as we pick up press reports from Washington, we find that more donations are being distributed. For example, yesterday over 5 million lbs. of rolled oats were ordered to be packed in 3-lb. cartons, and approximately 350,000 bu CCC-owned oats are being used for this purpose. In the same mail, we had an advice that nearly 1 1/2 billion lbs. of young chickens were to be given to the School Lunch Program to be financed by funds made available by Congress to provide additional protein foods to schools. It is to be hoped that the distribution of these various commodities, as well as oil previously donated, will be put to the best possible purpose because charity is only a good thing when properly administered.

According to advices from The Southwestern Miller, line elevators bought only trivial amounts of wheat from farmers, and liquidation is said to be near a standstill. There is still a good deal of export business pending, particularly to Brazil, and word came from Spain that Madrid had booked its entire lot of 150,000 tons of wheat at a price far below the general level.

The main attention again was centered to the bean market, and while there were rallies during the session, they were somewhat feeble and finally the market for the second day in a row suffered its full permissible decline of 10¢ per bu. It seems that when prices get to within a cent or two of the limit that selling orders come into the pit in larger volume by those who fear that they might be trapped and cannot get out until the next day. There was no special news but it was the old story of the pendulum swinging too far in one direction. Altogether there was an enormous trade in soybeans and the activitycontinued until about the last 45 minutes of the session.

New crop wheat at one time was strong on reports that there were dry spots in the Southwest, and the chief forecaster for the United States Weather Bureau's Kansas City district said that conditions are ripe for development of a dust-bowl in the Great Plains of western Kansas, western Nebraska and eastern Colorado. In the same breath, however, he added that the long range prediction for the month of March points to the possibility of a return to more normal precipitation in the area. Thus the advances did not hold. Old crop wheat futures were a little higher because of export talk, but there was also a reaction. Corn prices were moderately firm and most futures were higher. It is difficult to have very strong convictions until we know the extent to which farmers will comply with a new program. Rye was also firm, but apparently there was no special feature.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 3, 1961

Because of the broad market in soybeans and the wide fluctuations, we ave devoted most of our time and attention in these letters to that commodity. How- ver, with the possibility that Congress will soon be inquiring into possible reme- ies for the wheat situation, we shall spend a little time on this basic crop. It ould be noted that when World War II broke out in Europe in 1939, the American rmers were producing only 740 million bu wheat on 52 1/2 million acres. Now on bout the same acreage they are producing some 50% more. As a matter of fact, in 58 on a comparable acreage, the wheat crop hit nearly 1 1/2 billion bu, which as nearly double the amount raised in 1939. It is true, of course, that in consider- ng any cuts in production, we cannot go back to the prewar era. This is true be- use we have so many commitments to countries like India, where presently we are ipping about 150 million bu annually, even though it is mostly in exchange for cur- ncy and not for cash. This year we shall ship abroad nearly 600 million bu, so at comparatively large crops are needed, particularly if we ever start cutting our serves. We have, of course, the techniques today to do this and given average eather, there should be no fear that our country would ever starve. In World War we produced our farm commodities with 13 1/2 million workers; in World War II, was cut to 10 1/2 million workers, and today there are only 7 to 7 1/2 million farm rkers handling the job. In spite of this, the total output is one-third higher than in orld War II and nearly double that of World War I.

After a 20¢ decline in soybeans, there was a little more encouragement is morning because of the fact that products had advanced late yesterday, and body is looking for a big bear market in beans if forno other reason than that the justment by the end of the season will still be close, although we have stated for me time that high prices will bring about economies, and it can be stated with cer- inty that we are not going to consume more beans than we have on hand. However, body can be sure just what prices will bring about reductions in exports and grind- gs at home, and, therefore, the bean market is apt to be volatile and active for me time to come.

During the past week we had further confirmation that our wheat ex- rts would be big. Total shipments of wheat and flour for the week,according to roomhall, were 15 1/2 million bu, and the season's total of nearly 396 million bu more than 110 million greater than for the same period last year. Farm selling as literally dried up in Kansas, Nebraska and eastern Colorado, and we are told rom Texas and Oklahoma that offerings are extremely light. Part of this may be ue in the dry areas to the fear that the next crop may be small, although there was 2-inch snowfall in Sterling, Colorado, and one or two other places received some oisture with the weather outlook suggesting further relief. Buying of food for eedy persons continues and the last report we had was that nearly 32 million lbs of anned pork and gravy had been arranged for.

Primary receipts of wheat were 1,284,000 bu which compared with a ttle more than a million bushels last week and 829,000 bu last year. Kansas City nd Minneapolis stocks so far this week show a total increase of 329,000 bu. When e visible supply is posted on Monday it will compare with a shrinkage last year of .5 million bu.

Trade was quite active and beans had a busy career opening sharply igher only to be followed by a sinking spell, but the market showed more recupera- ve power in spite of the fact that there is some doubt now being expressed whether pain actually bought the oil recently that had been claimed to have been done. hose who are students of the situation can now see the possibility of a reasonable arryover stock at the end of the season, and if this is the case the market may be ore two-sided than it has been for the last month or two. Accordingly we would ot advise anyone to become enthusiastic on bulges. Denmark was credited with uying a cargo of beans for November shipment. That country had been in the mar- et for 2 cargoes for March, but apparently these did not go through. The corn arket was without much feature. Most of the nearby delivery months were very ttle changed, but there was some strength displayed in the December future, and remains to be seen how much compliance can be expected under the new legisla- on. Wheat was a shade lower and flour sales were only 15 to 20% of capacity. here is still much doubt whether the loan for the 1961 crop will be raised. eather over the winter wheat belt will be an important factor.

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CHICAGO, 4 March 6, 1961

Weather over the week-end was wet. There were tornadoes in a umber of spots but altogether rain or snow, with the exception of Texas and Okla-oma was favorable for next year's crops, so that for the moment we can forget hese factors and turn our attention to possible legislation.

First of all, advices from Washington are to the effect that a price upport for the 1961 wheat crop will not be increased. According to one well known dtor, a top department official, who should know, said that he had not even heard h matter discussed but rather that all wheat price considerations would be taken nto account for a long-term period beginning with the 1962 crop. According to the National Grain Trade Council, the administration will recommend further expansion f market development programs for all grains, and specifically for wheat, pro-osed legislation will provide for a certificate marketing plan. Originally these cer-ificates were to cover wheat used domestically and for export, which would have esulted in a substantial increase in the domestic price for certificate wheat. How-ever, if that program were to be followed substantial increases in the subsidy would ecome necessary because of the additional costs, and for other reasons.

The administration may now recommend a certificate plan under hich wheat certificates would accompany only that portion of the crop which was to used for domestic purposes. This would be more in line with the two-price sys-em, and in our opinion would be much more workable. In other words, it would not ecourage the growing of surpluses beyond their actual needs because this has been argely responsible for the building up of unwanted and unneeded grain for storage. hether the Feed Bill can be completed in time for the 1961 crops remains to be een. The administration seems ready to pump about $2 billion into farming in order boost gross income to 40 billions for the first time in some years. Net income ight be increased to 13 1/2 or 14 billions, which would be the highest since 1953. hether in bringing about these results we are endangering the future of agriculture building up larger reserves is something that only history will tell. Chances are at the bean support price of $2.30 will go through in spite of some Congressional pposition, and it is almost as likely that an additional 2 to 3 million acres will go that crop as a result of a more favorable support and present high prices. Thus e might have a peak production of 625 to 650 million bu, and it would keep the griculture Department busy in larger give-aways. The government figures that hile present spending will be increased that in the long run, any reduction in govern-ent surplus stocks would mean a saving in carrying charges.

According to Broomhall, weather in Europe is more springlike nd quite a little progress has been made in some countries although winter wheat in spotty condition. Generally speaking, the outlook has improved in many coun-ries and some additional spring planting may make up for the smaller areas sown winter wheat. Virtually no farm wheat was sold over the week-end, at least in he Southwest and in Kansas and Nebraska there is quite a little that is below the ross support, so that farmers are not rushing supplies to market. The President's ong-range farm program, which is presumably based on a new approach to produc-on planning, will probably be sent to the Congress sometime tomorrow.

The visible supply of wheat decreased nearly 3 million bu, but we till have 442 million bu in various positions which is 74.6 million more than last ear. The bean visible increased nearly 1/2 million bu to a total of 44 1/4 million, nd there are presently 15 million more beans in various markets than last season. hicago wheat stocks showed a very small decrease, and here in Chicago the bean tocks showed another increase.

Beans advanced rather sharply after some hesitation, and rye also ame into its own, partly because of the re-evaluation of the German mark. Corn dvanced and the general supposition is that President Kennedy's recommendations Congress tomorrow will probably favor higher prices for all agricultural com-odities. Flour business was extremely slow and best prices for wheat failed to old. The U.K. bought 30,000 tons of corn and Holland bought a slightly larger uantity. India was a buyer of West Coast white wheat and a small quantity of Gulf ard, estimated up to 5 cargoes. Some of the corn that the exporters have been elling will probably be for shipment from the lakes at the opening of navigation and xtending into June.

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[illegible]

Weather news the past week [illegible]. The [illegible] tornadoes in a [illegible] with the exception of [illegible] so that for the most part we can [illegible] and turn our attention to [illegible].

[illegible] wheat [illegible] farmer must [illegible] the result [illegible] with a price [illegible] for a long, [illegible] period [illegible]. As [illegible] Council, the [illegible] will [illegible] program for all grains [illegible] wants to [illegible] has been [illegible] because of the [illegible].

The [illegible] wheat [illegible] price [illegible] the [illegible] would [illegible].

[illegible] the [illegible] can be [illegible].

[illegible] to 45 billion [illegible] to 1 1/2 or 14 [illegible] it would be the highest since [illegible].

[illegible] per bushel [illegible] will go through [illegible]. It is about as likely [illegible] favorable support [illegible]. Thus [illegible] a price production of [illegible] it would keep the [illegible] current figures [illegible] will be [illegible] any reduction in [illegible].

[illegible] weather in Europe is more [illegible].

[illegible] Generally speaking, the [illegible] spring [illegible] wheat [illegible] week-end [illegible] that is below the support, [illegible] are not [illegible] to market. The President's [illegible] program, which [illegible] a new approach to production, [illegible].

The visible supply of wheat [illegible] but in view of [illegible] million [illegible]. The [illegible] visible [illegible] nearly [illegible] more [illegible] than last season. [illegible] shows a very small [illegible] in Chicago the best [illegible] increase.

[illegible] advanced rather sharply [illegible] and rye [illegible].

[illegible] slow [illegible] prices for [illegible] of corn [illegible] Coast [illegible] wheat [illegible] a small quantity of [illegible]. Some of the [illegible] that the [illegible] have been [illegible] the [illegible] of the opening of navigation [illegible].

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 7, 1961

The President has delayed his special farm message, which had been sheduled to go before Congress today. His hope evidently is that the emergency fed grain program now under discussion will be passed first, and the administration does not want to stir up any opposition in the meantime. While the debate over the final draft continues, farmers are making planting arrangements and purchases o seed corn reportedly are at a rate greater than last year. We conclude from this that either the majority of growers are not interested in complying under the fed grain bill, as most corn is fed or they do not understand the complicated proposals and figure they will take their chances in the market, which probably will mean another sizeable acreage. The main purpose behind any new legislation is t bolster farm income, which rose 3% in 1960 over the preceding year as the marketing volume increased to a record high, while combined prices for all commodities ere about 1% lower and at the same time production expenses rose slightly. During the first few months of the present calendar year, better soybean, egg and hog eturns made farmers' cash receipt positions even more favorable.

The situation in soybeans remains pretty much the same, with supplies February 1st about 27 million bu less than a year ago, according to latest SDA figures. At the end of last season, we carried over 23 million bu. This means that in order to have any reserve next October 1st, usage between now and hen must be curtailed slightly, but since we normally have new crop beans in eptember, there would be no scarcity unless foreign demand continues at the same ate during the balance of the crop year as it has up to the present time. This, too, eems unlikely as price is the great equalizer, and as we approach the new crop, urrently valued about 65 to 70¢ below old crop figures, (November vs July) logically xport demand might be curtailed until the new season. We might be premature in his thinking, but the Spanish government's attitude toward American soybean oil is fair example of what we mean. That country has stated that it will not buy any oybean oil at levels higher than normal prices, and further that Spanish exports of live oil have been halted in order to hold off purchase of edible oils.

There is little new in the wheat picture, with offerings in the Southwest till light, and though some of the higher protein grain is above the loan, most bids re under the support figure, which discourages offerings. With improved moisure conditions for the planted winter wheat crop, we would expect some pressure uring the month ahead, especially if no loan increase is granted, which currently eems to be the thinking.

Primary receipts of wheat amounted to 1.4 million bu vs 900,000 oth last week and a year ago. Kansas City and Minneapolis stocks have increased 42,000 bu so far this week.

The weekly crop report officially issued confirms pretty much the act that wheat generally is making good progress and showing first signs of growth n the Southwest. For that reason new crop months of this cereal were lower as ere old crop months with elevator stocks of hard wheat in our market in less demand temporarily. As a matter of fact, free supplies in Chicago are 6.3 million bu ollowing a decrease of 168,000 bu last week. At the same time free corn supplies ncreased slightly to 11 3/4 million bu. This grain also was under some pressure ith time being more and more of a factor in regard to a farm program for feed rains whether or not anything will be passed in time to be effective. The corn-hog atio at 15.9, though better than the 12.9 of a year ago, is not as goodas in recent eeks and can be explained by the recent improvement in corn prices.

The action in soybeans leads us to conclude that this commodity ery definitely is more two-sided as fluctuations above and below last night's close ere erratic, and final quotations were at the lows. It may be too early to become bear, but a further price rise most likely will be followed by curtailment in demand. The products followed the beans but price changes were less pronounced. here was very little xport business overnight except for some small amounts of orn sold to Western Germany, and cash prices for this grain in Chicago have hanged little in recent days. Rye also was lower with profit-taking featured fter yesterday's large advance.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 8, 1961

The government is trying to solve the agricultural problems from pracically every angle. Almost every fly-sheet that comes to us daily from USDA ells of some new program to give away food either to foreign or domestic relief. Yesterday, for example, the President had made an arrangement with Pakistan for he distribution of about $3/4 billion worth of food over a 4-year period, and after adding transportation costs this involves about a billion-dollar deal. This morning we find that 9.1 million lbs of canned pork and gravy had been donated to needy famillies, and that besides an additional 1.6 million lbs of young chickens have been purchased for use in the National School Lunch Program. Offers are invited again next week and, therefore, we take it that these will be continuing gifts. Yeserday's action brought the total amount of chickens to 3.1 million lbs since the start of the program. As to direct help to farmers, the President has not yet made recommendations to Congress, apparently wishing to get the Feed Grain Bill hrough legislative branches before going into more permanent situations.

Yesterday, however, House members wrangled over President Kennedy's emergency feed grain support program, but apparently no decision was reached. One controversial issue was the selling of corn from government surplus stocks at 17% less than the support price. The bill's backers said that this was a necessary device to guard against the possibility that some grower might elect not to come into the program and then raise as much corn as was possible, counting on price supports to raise the market level generally. The main question arises now as to whether we are to have legislation in time to take care of next summer's feed crops, and, of course, the more arguments that arise, the less chance of doing something in time.

Soybean exports for the week amounted to nearly 1.5 million bu, which was a little less than last year. The total since last October is approximatelty 9 million bu greater. Just before the soybean market opened this morning, there was a rally in the price of products and there had been an unconfirmed report that Spain had purchased some oil from here but friends in whom we have confidence told us that their cables from that country were to the effect that the government had stated that no purchases of oil had been made and that they did not intend to make them at these levels.

According to The Southwestern Miller, a moderate amount of truck wheat was moving in Oklahoma and Texas but farm selling in Kansas, Nebraska, and eastern Colorado had slowed almost to a standstill. Based on the price of March wheat in Chicago, we are virtually on an export basis. We note that 53 cars were shipped from here yesterday but none said definitely that this was in connection with any export trades. The UAR will receive offers on 15,000 tons of dark hard wheat Thursday for Friday acceptance. Portugal bought 15,000 tons number two red wheat for last half April shipment and also 13,000 tons for first half April shipment. Additional quantities of rye subsidies were granted to exporters. We still feel, however, that we shall end the crop year with fairly large stocks of possibly 15 million bu.

Some snows and freezing rains occurred over much of the Midwest and Southwest and altogether the outlook for winter grains must have improved in the past ten days.

Primary receipts of wheat were over a million bu. This was more than both last week and last year. Kansas City and Minneapolis stocks so far this week show a total increase of 208,000 bu.

Beans were again quite erratic and the fluctuations were largely of a technical nature. Some early selling developed only to be followed by a bulge, but this again met resistance and generally speaking we feel that while weekly exports during the next few weeks may make a comparatively good showing with those of a year ago, that future sales abroad will be cut down due to the high price. Whatever is being shipped now is against contracts entered into much earlier. Wheat was fairly firm and old crop months might tighten, particularly March, as there is no great pressure here in Chicago. We are not too much impressed by the strength in rye because of statistics mentioned earlier. New crop wheat futures should be influenced by recent moisture and we think are a sale on minor advances. Corn is hard to guage until we know whether there will be legislation in time to curtail acreage.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 9, 1961

The argument in Washington these days is not whether or not
re should be controls, but instead how rigid they should be. Almost every legis-
tor has a theory or plan. The Administration has formulated one temporary farm
ogram and is working on others for future years. Members of the majority, as
ll as minority, party, agree or disagree with some or all of the features. Counter
oposals and entirely different theories have been introduced, but despite all the
rds, debates, committees, private and public sessions, inquiries and investiga-
ns, seldom do we hear officials speak up in favor of dropping controls and per-
tting agriculture to function freely. The products of agriculture that bring farm-
s the best prices are the ones least regulated, and the voices of the very people
ost affected are the ones to which the least attention is paid. Soybean producers
d processors, for example, as well as all groups engaged in the marketing of
is commodity, have enjoyed a most prosperous year. A free market exists in
ich prices have soared and still foreign and domestic demand are running at a
cord pace, so that the entire industry seems happy. Now along comes our govern-
ent with a plan for help; they want to raise the loan, increase output, and build up
rpluses.

The American Soybean Association and the American Farm Bu-
au have pointed out that since 1954, the policies advocated by growers and users
soybeans and carried out by the Department of Agriculture have permitted low
ough loans so as to avoid regulation. Evidently this concept has been an enormous
ccess because supplies and utilization together have doubled, and so has farmers'
come from this crop. We think we can accurately forecast that for the administra-
on to tinker with the soybean market will end about the same as an amateur mechanic
ho tampers with a perfectly-operating automobile engine.

Our soybean market opened lower as the products reacted after
ain trading closed yesterday and were lower at the start this morning. Exports
beans for the present week, which will be reported next Tuesday, should compare
vorably with the same week in 1960, but many of these shipments reflect business
at was done previously. Though Chicago stocks continue enlarging some shipments
n be expected when navigation reopens, but we understand that there are beans in
her terminals that can be merchandised on a cheaper basis. Also, some oil that
at the Gulf and was earmarked for export is now being used domestically, as the
erseas business was not consummated. All this means that at the present high
vel our market will be more vulnerable and even though it may be early to become
o bearish, as we approach new crop months, the price difference will loom large
a factor both for exports and crushings.

There is little news concerning wheat, with further export sales
ing made, including some red wheat via the Atlantic in recent days. Crop prog-
ess in both Kansas and Oklahoma during the week is reported to be mostly good
excellent.

The corn market, especially December, was lower as a great
al of controversy occurred amongst legislative leaders yesterday in Washington
er the President's emergency feed grain bill, and debate temporarily ended. It
ems as though efforts are continuing today, but these delays and differences of
inion make it appear less likely that action, if any, will come in time to influence
rmers substantially in their spring planting. One seed company reports that sales
seed corn are holding steady while soybean sales are up, confirming our belief
creage of this commodity will be increased this year.

Our soybean market was under pressure almost all morning,
t the volume of trade was lighter than recent sessions until the end when prices
roke sharply. The oil, too, was lower as some of this product that had been marked
r export is being sold domestically. Meal had a somewhat better undertone as
reign prices are more competitive, so that some of the stocks currently being
ccumulated by processors might be utilized.

There was nothing special to guide wheat with prices more or
ss draggy though commercial users seem more interested in the nearby month
local stocks of hard wheat have become competitive.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

March 10, 1961

Late yesterday the House passed the farm bill by a small margin of otes, but it was a victory for the administration inasmuch as the lower body had ien the President virtually what he had asked for. It provided higher price sup- rts for corn and other feed grains in return for which farmers would cut acreage. wever, the one controversial issue was also a victory for the Democrats inas- ich as it granted authority for Commodity Credit Corporation to sell government ed grains at a relatively low price in order to encourage more producers to com- with the program. In the past there has been a rather small percentage of mpliance insofar as the corn programs have been concerned. For example, rn controls were so unrealistic that only one corn acre in 7 during 1957 and one re in 8 in 1958 was farmed in compliance with the program. The administration s felt that it was therefore necessary to coerce farmers into compliance, and the reat of government selling at a price below the loan might accomplish this. How- er, when the bill goes to the Senate there will be more debate, and in our opinion may take a conference between the Senate and House Agriculture Committees to on out this feature.

As we see it, there never should have been and is no necessity now r an excessively high loan for corn for the reason that 85% of the crop never aves the county in which it is raised, and since the bulk of our corn is fed, only out 15% moves to market. Therefore, whether the price is a little lower is not the utmost interest to producers. It is the comparatively small quantity that oves to market and comes into terminals that reflects the price. We have felt r a long period of time that if there is to be a program at all, it should be for e finished product, namely for hogs and cattle. However, in recent years feeders ave rejected supports and have been doing very well and without government help. he increase in the loan from $1.06 per bu to $1.20 is apparently a reward to rmers who will reduce their acreage, but by the same token there is no assurance ith more extensive cultivation that the cut in acreage will in the same proportion educe the size of crops. This has been borne out by past experience. Both the ouse and Senate bills that are presently under discussion apply only to the 1961 rops, and the administration has contended that any effective program would have be passed by mid-March to do any good. It is claimed in some quarters that the dministration might prefer no bill at all to a bill lacking the key enforcement ature. Grain dealers have been opposing the government sale provision not only the grounds that it would depress prices, but that it would put legitimate mer- andisers practically out of business.

The weekly shipments of wheat and flour were very large at 18.6 illion bu, and since July 1st we have cleared 414.5 million bu, which is an increase nearly 117 million bu over a year ago. Our corn exports were also quite heavy, d amounted to nearly 5 million bu for the week with the season's total about 20 illion greater than the year before. Rye shipments, in spite of more generous bsidies lately, have totaled only 3.6 million bu, which is slightly smaller than e quantity exported last year to date. Farm selling of wheat in the Southwest emained almost at a standstill. In spite of this factor, old crop wheat futures pened weak and there was a wide span in the May future due to the lack of scalping aders who have become less active in recent months.

There was a good deal of excitement again today in the bean market. he official exports were made public for the period from October through January, us inspections to March 3rd, which showed 75.1 million bu, and this compared ith 69.8 million last year. Thus the total is only 5 1/4 million greater whereas e trade had figured on about 9 1/4 million more. The market broke sharply when is news came out but there were recoveries occasioned by those who thought that e government figures might have been in error, based on weekly inspections. Our ew is that the government figures must be accepted unless proved faulty. There as also an unconfirmed report that the Senate might have passed the Feed Grain ill, and this brought some buying into the new crop corn futures, but we are pretty re that if any official action had been taken, it would have become a matter of blic property. With the controversy that has been aroused, we still think that it ill take some time yet to iron out differences. Bakery flour sales remain extreme- light, and, in fact, as poor as at any time on the crop.

The wheat market after breaking rather sharply recovered to some xtent but there was no spirited buying. March wheat was strongest.

UHLMANN GRAIN COMPANY

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CHICAGO, 4 March 13, 1961

The main news item over the week-end was the passage of the administration's one-year emergency feed program by a large Senate majority. However, dissimilar to the House version, the Senate eliminated the controversial provision permitting the government to sell surplus feeds at 17% under the loan in order to force compliance with acreage restrictions. There is a great deal of uncertainty as to the final form of the bill, which must be decided by joint Committee meetings, and at this moment it is hard to tell whether there will be a feed grain bill for 1961 in any form.

High price supports have been the key to the administration's ttempts to bolster farm income. The Secretary of Agriculture has raised 1961 loans on dairy products, rice, and peanuts, which he hopes will add about $2 billion to farmers' income during the current year. Supposedly the consumer price level will not be measurably affected but we would state emphatically that the cost of high price supports must be borne by the taxpaying public, who in reality is the consumer paying out of a different pocket, perhaps. History has proved that high supports are economically unsound as they encourage unnecessary production and create surpluses which must be stored and conditioned at great expense and finally these commodities either partially deteriorate or must be sold in competition with free articles, which is price depressing.

Private advices discuss current conditions in Western Canada, nd despite generally good weather for this time of year, cumulative winter moisture evidently is well below last year and normal. It is early to become pessimistic on planting prospects at this time but precipitation will be necessary the next month or two in order to insure best soil conditions for spring wheat and other grains. The surplus wheat disposal outlook is encouraging for that country, with heavy purchases by Czechoslovakia and Russia, which is a new outlet for Canadian grain, and their clearances of wheat might end up well ahead of the past two years. In our country moisture fell in large doses over much of the Midwest, extending into western Kansas, all of which improved winter wheat prospects.

Export flour sales were only of moderate volume again with more business in the offing, and foreign demand for wheat is still rather strong, with a good amount of hard expected to be sold to Italy in the days ahead. This demand has created further tightness in country offerings, and cash bids are comparatively high. Several parcels of soybeans were sold over the week-end for April shipment, mainly to Japan and the Continent. At the same time our market reacted at the start, as USDA reassessed export figures of this commodity since the beginning of the season, and the revised comparisons between this year and last show that shipments are only 5 1/4 million bu ahead, which is a reduction from previous statistics. CCC corn sales both domestic and for export continue to run well ahead of last year but supplies are so bountiful that the difference is hardly noticeable in our market.

During the week Chicago wheat stocks decreased 279,000 bu, leaving 6 million. Oat supplies also declined slightly, as did corn, so that 25.8 million bu of the latter are here, of which the largest part is owned by the CCC. Rye stocks totaled 2.1 million following a small decrease, while beans again enlarged by 177,000 bu to a total of 15 3/4 million bu. This commodity was under a good deal of selling pressure almost all morning and the products, too, were quite weak showing very little rallying power. The decline in beans has been about 30¢ from the old crop highs, but it is difficult to tell what level they must gobefore gaining support or whether on a break of this kind export demand might increase. There is also a good deal of agitation against raising the loan on 1961 beans to $2.30, mainly by the American Soybean Association, urging members to write Congressmen against this increase. The Executive Committee of this organization favors a support of $2.00 or 1.8 times the price of corn, whichever is higher. If corn is supported at $1.20, the loan on beans would be $2.16. No matter what is done, there should be little change in the acreage from farmers' intentions, which will be announced Friday, as it would be too late to change plans. Wheat was a shade lower and corn, too, was under pressure due to the dissension in Washington over the pending feed grain program. Rye, which has been strong recently, following the revaluation of German and Dutch currency, probably is high enough as export demand undoubtedly will be little affected by this change.

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CHICAGO, 4 March 14, 1961

Practically all the legislation either before Congress at the pres- it time or which will face it in the future has in view further reduction of cropland reage with the exception of soybeans. The latter seems to be in a different cate- ory for the reason that the uses for oil and meal have expanded so that we have en able to take advantage of the growth in crops without building up burdensome rpluses. The present feed grain bill, which is now before Congress, contem- ates a cut in the planting of corn from 20 to 30%, and we believe that when per- anent legislation is requested for wheat that the government will also want a cut acreage.

We would like to point out that 40 years ago in this country we had out 350 million acres of cropland under cultivation. Even as late as 1955 there ere practically the same number of acres tilled. The virtual elimination of rses and mules released about 75 million acres for food production, and for a riod the shrinkage in exports released about 20 million acres more. Of course, e main thing was that we made better use of pasture and range-lands, but most portant of all technological progress during the past 20 years has greatly in- reased our output. We find that last summer we had record breaking results, d this was all accomplished despite the fact that acreage was 6 million less than e year earlier, and had been cut to 329 million acres, which was the smallest nce 1916. Also the loss of acreage between planting and harvest was about one- ird less than in 1959, and the lowest since 1929. Just to what extent we can con- nue to cut the amount of land under cultivation without affecting the size of the rops is difficult to tell, but we are certain that with our agriculture producing 44% ore than it did before World War II that our efficiency is ever increasing. Agri- ulture has advanced more in the past 50 years than any of the prior years of an's history.

Before our market opened this morning we advised our clients to ok for a buying spot in beans, feeling that a break of 30¢ per bu or more was robably enough for the time being at least, and considerable correction had taken lace to warrant more confidence. The official exports of soybeans during January ere 8,915,961 bu vs 10,262,960 in 1960, October through January 66,264,000 vs 0,904,000 a year ago. January soybean oil 75,276,000 lbs. vs 30,887,000 in 1960, ctober through January 303,976,000 vs 147,902,000 a year ago.

Not too much attention was paid to a large wheat purchase by Italy, ut they came into the market for 4 million bu of hard winter wheat for Gulf ship- ent by March 20th, and also for April-May clearance via the Gulf. That country ill receive another tender on Friday when purchases may amount to as much as 80,000 tons. There is still practically no hard wheat moving by rail in the South- est but the amount by truck to the Gulf is large. Therefore pressure on our mar- ets is very light at this time. With the recent upping of the loans of certain dairy roducts, rice and peanuts, there are still some in the trade who are hopeful that here may be some action taken with respect to the 1961 wheat crop although, as e have mentioned before in our letters, there have been no discussions to our nowledge on that subject.

Primary receipts of wheat were about 1 1/2 million bu, which was lightly more than last week and compared with 1.1 million bu last year. Kansas ity and Minneapolis stocks so far this week show a total increase of 156,000 bu.

Trade in beans was quite heavy again. While we felt that after the lose yesterday the market could do better, we still are of the opinion that the ad- ance today was quite rapid, and we would not follow the extreme bulges. It is uite likely that we shall have a more two-sided market. However, the improve- ent in the price of products was encouraging and quite a little new buying took lace. The weekly weather and crop bulletin spoke of the recent additions to soil oisture in the form of snow and rain, which were highly beneficial to winter wheat, s well as to other fall-sown grains in the North and Central Great Plains where e crop is beginning to green up. It was pointed out, however, that more moisture s needed in most major producing areas. Conditions are also favorable in the far orthwest.

The new export business in wheat furnished some stimulus to buyers lthough trade was not heavy. Corn was a shade higher but there was no real fea- ure to that market and probably will not be much until more is known about armers' intentions to plant.

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CHICAGO, 4 March 15, 1961

Yesterday was the first time since the bull market in soybeans began hat all old crop months closed limit bid. This was on the heels of a 30¢ break rom recent highs. Short covering and the reinstatement of long commitments eatured the strength as well as trade expectations that exports for the week ending March 10th would be in excess of the 604,000 bu shipped in the comparable week in 1960. These figures were released last night and showed that inspections were 1 1/4 million bu, which means that this season's cumulative total is now 5.9 million bu ahead of the previous reporting period. The crush figures for February will be released about the 24th of March, and also are anticipated to be above the same month last year so that the bull move in beans might not yet be ended. As a matter of fact, USDA officials state that while they think most of the seasonal rise might have occurred to this point, prices should remain relatively firm throughout the spring, averaging well above last year. They also point out that soybean and cottonseed oil prices might be expected to advance during the remainder of the marketing years as both domestic and export usage will be of record proportion. The one thing that we cannot overlook is the tremendous premium for old crop beans which might deter demand as we approach next fall's harvest, and the big price differential would seem headed for an adjustment, especially with stocks in Chicago presently at an all-time peak.

The House and Senate Feed Grain Conferees agreed on a number of differences in the one-year emergency program currently under discussion, but the Senate group has balked at Section 3, which permits the government to sell corn as low as $1.00 a bu in order to force compliance. After yesterday's adjournment, no new meetings were scheduled, and these delays might mean that there will be no bill or, if there is one, certainly we would think it would affect spring plantings to a small degree. In the meantime last year's crop of corn, of which a fair percentage is still stored on farms, is of questionable quality in many cases, and country advices point out that marketings might pick up materially as temperatures moderate and moisture causes damaged kernels. This plus the Congressional inability to pass a farm bill for 1961 prevents us from encouraging the purchase of corn or for that matter other feed grains at current levels since their values are predicated on the possibility of such emergency legislation. President Kennedy has written a letter to a farm group asking Congress to help make good his campaign promise to aid farmers in achieving an equal income status with city dwellers. Of course, this is an ambiguous statement, and certainly we would think that most permanent farm programs would have in mind future years.

Quiet prevailed in export circles overnight following recent sales of hard wheat to Italy and some flour business that has been consummated. Both Italy and Spain will be in the market later this week for further substantial amounts of wheat and some small parcels of red have also been sold. Despite all this, our market responds poorly to this demand, and hedgers seem comparatively inactive considering the amount of business that has been done and is pending, and mill demand, too, is rather firm.

Soybeans were erratic and prices changed frequently during the morning both below and above last night's close. Considerable weakness occurred toward the end though the products were not much of a guide as the meal was lower most of the day and finally reacted too. There has been a great deal of discussion as to whether the 1961 loan on beans as emphatically announced by the Secretary of Agriculture at $2.30 might be changed. The American Soybean Association is pressuring Mr. Freeman to reduce the loan to somewhere between $2.00 and $2.20, but especially if the feed grain program is not passed would we expect the $2.30 loan to remain in effect. The point behind the high bean support is to encourage farmers to divert acreage from corn to this commodity.

Corn declined as did rye as it has been pointed out that today, March 15th, is the theoretical deadline for legislative action on a feed grain program, and it appears unlikely that anything will be done by then. We might point out that outstanding P.L. 480 authorizations for cottonseed and soybean oil total only about 3700 tons so that, without new allocations, few sales can be expected under this government program.

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CHICAGO, 4 March 16, 1961

When markets are so dependent on legislative action, there are ound to be erratic swings, and this is particularly true of feed grains where the ill in Congress is still pending. Yesterday, it looked as though there would be ifficulty in reconciling differences but overnight there seemed to be some compro- ise, and it now appears likely that the Conferees are willing to accept the House ersion in requiring a mandatory 20% corn and grain sorghum reduction, to be com- ensated by either cash payments or payments-in-kind, as the Secretary of Agri- ulture may see fit. This compensation would be a return of 50% of the average 959-60 yield on the acreage retired from production. In addition farmers, if they nake a second 20% acreage cut, would receive payments-in-kind at a rate of 60% f the yield to be affected. There are other complicated terms which we are sure vill not be understood by all farmers, particularly during the spring of the year vhen they are active inthe preparation of their farms and when many of them have lready made purchases of fertilizer and seed. As a further restriction to coerce armers into compliance, CCC will have some power to sell surplus grain, but on somewhat limited scale. Mr. Freeman has already announced that he will set he price support for corn at $1.20 a bu, which would amount to about 74% of parity. Corn opened a little higher this morning but oats were not greatly changed. There vas again a good deal of activity in soybeans with that market taking its cue from igher prices that were registered for products in the 15-minute interval before he bean market opened.

As for wheat, the U.S. weekly shipments, including flour were enor- nous and amounted to 17.3 million bu. Since July 1st, or the beginning of the crop ear, we have cleared nearly 436 million bu, which is roughly 128 million bu larg- r than for the same period a year ago. We have become so accustomed to large xports that we probably forget how small they were during past periods. For ex- ample, at the start of the century, we were exporting on an average only about 210 nillion bu of wheat each year, which was about 50% of the total of the world's ship- ments. Prior to World War I, our shipments had fallen to 142 million bu, and even luring the boom period of 1925-29, we were sending only about 150 million bu of vheat abroad each year, which was 19% of the total.

At the present time, we are by all odds the biggest shipper, and nuch of this is at the expense of other countries, particularly Canada, where learances are running a little more than half of what they are here. Of course, vith the huge carryover reserves that have been built up, and the near 1.5 billion- u wheat crops that have been raised, it is essential that we ship large quantities abroad, otherwise accumulations at home would be even greater. We often forget also that our total output of farm commodities has forged ahead by leaps and ounds. For example, in the ten-year period, 1931-1940, the average corn crop in this country was only 2,339 million bu, and if we ever fell to that low level we vould cut sharply into our surplus stocks. However, even with heavy acreage cuts, we doubt whether total yields will ever be that small again. Our consumption has also increased greatly, with population growth, and, therefore, we require much more corn for feeding purposes than in the past, and we are convinced that if the rice relationship remains favorable, domestic consumption of corn will continue o increase, whereas in wheat, this does not seem to be the case.

At noon Eastern time the President's farm message was made ublic. It was in the form of a write-it-yourself program for American farmers. Ie wanted producers to draft and adopt a program that would be subject to Con- gressional approval or veto, plans for marketing control to cut surpluses and boost ncome. No specific suggestions were given to reduce government surpluses of rain, and the President pointed out that the farm program would not be solved in day or a year, or perhaps even during this Administration's tenure of office. uthority would allow programs, including direct payments to farmers under the o-called Brannan plan.

Beans had been quite strong during the forepart of the session, but rofit taking took its toll, and there was also some selling of corn so that the full advance was not maintained. Altogether it is impossible to have firm convictions ntil we know what type of legislation will be enacted. Still believe that beans are a more two-sided affair. One barge of wheat was loaded from Chicago to the Gulf, and we understand that two more will be loaded today.

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CHICAGO, 4 March 17, 1961

The President expressed his general views on agriculture yes- rday and they were rather widely publicized. Previous to this, the Secretary of griculture, in his first major address, discussed the American farm picture, d told of his goals and some of the methods he might employ to gain them. Mr. reeman's main efforts evidently would be directed toward using whatever gov- nment machinery is available to attempt to regulate sufficient production of food d fiber in order to maintain high standards for all Americans. At the same time will seek more effective distribution of products, both in this country and road. The principal problem as we see it would be the achievement of higher in- me without affecting either the tax-paying public or the consumer, unless new ograms take into account the tremendous advancement in land cultivation. In dustry overproduction idles capacity because there is no guarantee for surplus rticles as there is in agriculture. In a free economy, there is more likely to be xcess output because the rewards for technical development create greater incen- ves. As Mr. Freeman explains, the prevalent lack of understanding of the farm ituation is an outgrowth of a declining rural population and now the city vote for- ulates many agricultural policies, so that the public must be educated as ground- ork before new legislation.

This afternoon USDA will announce farmers' intentions to plant pring acreage, and according to information regarding seed sales, the major hange might be for soybeans where an increase over 1960 is expected. Even so, ere might be last-minute switches if a feed grain program is enacted but the ikelihood is that such an occurrence would be so late that we would not expect ny program for 1961 to be very effective. The Secretary of Agriculture has still ot officially announced a soybean loan, and although it is expected to be estab- ished at $2.30, we do not know yet if any strings will be tied to it, so that the en- ire picture is somewhat clouded. In the meantime, all crop months of soybeans ave been erratic, but the market had a better undertone at the start this morning, s a better demand seems to be developing for cash beans in Chicago with supplies lsewhere tightly held or else not available. We have a large stock to draw upon ut if Chicago becomes competitive stock decreases could occur substantially be- ween now and end of the crop season. Processors currently are discussing shut- owns as the conversion ratio has beenpoor, and products firmed in the face of his news.

Generally crop conditions in the Southwest are satisfactory for rowing of winter wheat, though western Kansas has been drier than other sections. ome moisture was received overnight and we would think for the time being there s little incentive to purchase new crop wheat, while at the same time some of the tocks of hard wheat in Chicago are being moved out, which could tighten the earby futures.

Soybeans were over last night's close throughout the session, nd the products stayed strong too. It appears as though Red China sold 2 cargoes f beans to Russia and offered 30,000 tons to Japan, and this news caused some rofit taking during the middle of the morning. It was also reported that the House enate Conference feed bill will not require farmers to comply with the 'feed grain rogram in order to receive soybean supports. This will be an important particu- ar as producers would be encouraged to plant more of their cropland to this ommodity than might otherwise have been the case.

Grains were reactionary and in some cases weak with rye running nto stop loss selling, but this was not too surprising as the recent strength in this ommodity had been on the basis of increased feed supports, and the rise in the arket was more than the indicated loan increase. Corn, too, was lower, and eneral selling in wheat occurred without any particular news to guide this mar- et. As a matter of fact, Italy purchased another 410,000 bu of hard wheat and s negotiating for almost 6 1/2 million more while export flour sales were con- ummated.

Primary receipts of wheat amounted to over a million bushels oth today and last week, while a year ago they were just under this figure. Kansas ity stocks increased 291,000 bu so far this week. When the wheat visible is osted Monday it will compare with a decrease of 1 1/4 million bu in 1960.

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CHICAGO, 4 March 20, 1961

Farmers intend to plant about 330 million acres this spring, only ightly more than they did last year. There will be few individual crop changes, d, as a matter of fact, an increase in soybean seedings will be the most substan- l alteration planned by growers. As expressed on March 1st, producers indicate ey will plant 26.4 million acres to beans, the largest amount ever, and this com- res with 24 1/4 million sown to this commodity last year. Using yields of the last ason or two, we might expect a crop of around 600 million bu or more, and with carryover of 10 million forecast by the U. S. next October 1st, over-all supplies ight be around 25 million more than during the present crop year. Official sources ill stick to their original utilization projection for the current marketing year of 2 million bu for export and about 400 million for crush, but usage probably will ow in the years ahead, as soybeans and their products are becoming more im- rtant in world markets. Flaxseed acreage will be about 10% below that seeded in 60 and will be down to its lowest level since 1946.

Friday's report also showed that farmers intend to plant corn acreage most as large as a year ago, amounting to 82.4 million acres, and if a yield com- rable to the 1956-60 average is realized, a crop of around 4,125,000 bu can be pected. However, in recent years output per acre has been well over the average. tal feed grain tonnage will be close to last year's record level, but unless weather ideal about a 1% decrease can be forecast. Oat acreage surprisingly is expected exceed last year's figure by about 1/4 million acres, with growers in the heavy oducing areas of the North Central states planning to devote more land to this ereal. The acreage seeded to grain sorghum this spring will be reduced by 4 1/2% d will be slightly less than the 10-year average. Spring wheat plantings will al- ost measure up to the amount sown in 1960 and is projected at 12.2 million, thus ving a total production of wheat in the U. S. next year 1% above last season on an reage basis.

Moisture received overnight in the Southwest was generous and bene- cial, including fair amounts of snow and rain over much of Kansas and the Texas d Oklahoma Panhandles. This will, of course, benefit winter wheat, and on the hole ground conditions should be quite good generally for this date. The CCC has w sold about 95 million bu of corn, fairly evenly divided between export and do- estic markets since October 1st, and it is almost twice as much as this govern- ent agency sold by this date a year ago. A report from the Great Lakes shows at most waterways are open except in bay areas, and are free from ice, so that ere should be few restrictions to navigation except in the northern sections, par- cularly in Lake Superior.

The feed grain program is expected to be voted by the House this af- rmoon and by the Senate soon thereafter, and some revisions in farmers' inten- ons to plant may occur, but we would think they would be minor.

During the week wheat stocks in Chicago declined by 96,000 to less an 6 million bu and corn decreased 126,000 leaving 25.7 million, Oats, including ose afloat, decreased a small amount so that about 3.9 million bu remain. Rye upplies declined slightly and 2 million bu are still in local elevators, while bean tocks decreased 4,000 which is the first time in many weeks that we have not add= d to the local supplies of this commodity which now stand at 15 3/4 million bu.

Markets were lower again this morning and soybeans reacted sharply te in the session as an Iowa Congressman has asked the State Department to inves- gate Red China's shipments of soybeans during the past 2 1/2 months. His conten- on is that the Communist country waited until the world supply situation created igher prices and then took advantage of the better return for their own soybeans. early months gained.

Wheat also was a shade lower with nothing special to influence this ereal, but country offerings in the Southwest were a trifle larger. USDA calculates at as of March 1st, 1824 million bu is available until the end of the crop year, hich is about 135 million more than a year ago on that date.

Feed grains, including rye, declined and liquidation was rather eneral due mainly to the acreage intentions which were larger than had been an- icipated. In the case of oats, crop lows were made in the nearby months, but we ould think that some support might be witnessed on further declines.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 21, 1961

The Chicago soybean market continues to gather the majority of com-
dity interest, and the number of open contracts stays pretty close to the 250
lion bu mark. Following the tremendous price rise, profit taking occurred and
orrective reaction of around 25¢ per bu for old crop months has placed futures
und the $2.90 level. The USDA has stated that most of the seasonal rise prob-
y has taken place but that values might remain firm through the spring months.
is source estimates crushings through February around 11 million bu in excess
last season, and exports also are about 6 million bu ahead to the present date.
ving begun the current season with supplies of 582 million bu, we realize that
me reduction in usage between now and the balance of the crop year in comparison
h 1960 figures must occur or there would be no carryover. It seems logical that
se high prices are the major reason for the intended increase in bean plantings
s spring, but this is the factor that finally should cause prices to soften as we
proach next fall's harvest. We would predict that buyers would be reluctant to
y big premiums for 1960 beans next summer when they have only to wait a short
ne to purchase new crop beans at a lower figure.

Presently the Administration and Congress jointly are pushing the
od for Peace as well as other give-away programs. Increased expenditures are
ing voted, and during 1961, 100 million pounds of vegetable oils will be made
ailable to U.S. non-profit welfare agencies for assistance to needy persons over-
as. This is about the only feature of the government's farm program that has
oved forward to this date, and there is still no word as to whether or not an
ergency feed grain program will be passed for 1961 crops. A friend traveling
rough Europe gained the impression that most countries on the Continent will re-
ire more foodstuffs, and that agricultural production apparently is not keeping up
th the demand as many nations are concentrating more on industrialization. Wheat
reage in many cases will be down, and this, of course, may be one of the reasons
at exports of wheat from the U. S. will set a record during the current marketing
ar by such a wide margin.

Overnight news was limited, and markets were quieter at the start.
e entire wheat belt has benefitted from moisture which we reported in the South-
st yesterday, and rainfall has now occurred over the entire Midwest as the front
oves eastward. Fair amounts of export business are pending in wheat including
0,000 tons of all classes on which offers have been submitted to Morocco, and
ly is expected to buy the remainder of its 320,000 ton authorization for No. 1 hard
morrow. Farmers are indifferent about selling this grain in the Southwest, and
untry elevators, which had offered increased amounts the past day or two, have
so contracted their offerings. The visible supply of wheat, which was posted late
sterday, showed a decrease of 2 million bu for the week which compares with
1/4 million last year.

Primary receipts of wheat amounted to a million bushels which is
e same as last year, but is less than the 1 1/2 million bu shipped a week ago to-
ay. Kansas City and Minneapolis stocks have increased 191,000 bu so far this
eek.

A good deal of backspreading occurred in wheat this morning with
e old crop months quite weak and the March sold at a discount under the May.
ew crop months were higher most of the morning despite reports from the South-
est that croplands in much of Oklahoma and the Texas Panhandle seem in excel-
nt condition. Free stocks of wheat in our market decreased 96,000 bu last week
aving not quite 6 million, and free corn increased 109,000 to 11.6 million bu.

Trade in soybeans was somewhat less active than we have become
ccustomed to in recent weeks, and prices again fluctuated, though in a smaller
ange. Rallies seem to have less gimp, but we would hesitate selling this commodi-
on breaks unless exports fall off. Some additional round lot business has been
ontracted for Chicago beans, but local stocks are large enough so that plenty is
vailable to draw upon. We will have to watch and see just how great the demand
in the months ahead.

Just before the close it was announced from Washington that the
ouse had approved the compromise Feed Grain Bill which had been worked out by
e House-Senate Conference Committee. The Senate is expected to begin debate
n this bill later today.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 22, 1961

There was a good deal of news overnight, and the net result was a
ierally strong market at the start this morning. Soybean crushings for the month
February totaled just under 34 million bu, which compares with 30.7 million bu
the same month in 1960. The cumulative total since the first of October is
2 1/4 million bu, so that the number of beans converted to products amounts to
ound 12 1/2 million bu in excess of the same reporting date last season. Exports
this commodity for the week ending March 17th were 1.8 million bu, which is
out 300,000 more than the comparable week a year ago, and since October 1st,
U. S. has shipped 6.3 million bu more than was cleared by this time twelve
nths earlier. This means that over-all usage of soybeans so far this season has
ounted to almost 19 millon bu more than were used by this time last year, and
s is, of course, the reason for the high prices throughout the first six months of
season. We would guess, however, on a comparative basis that utilization from
w until the end of September might compare less favorably with the number of
ans crushed and exported last season, as price is a great equalizer, and at pres-
t levels demand might fall off. We notice that Israel, for example, needed
,000 tons of American beans but deferred their shipping dates until September,
tober, and November. We also have been informed that some of the beans sent
Canada early in the season are still being stored in that country, so that they
ust be sent overseas before Canada can aggressively purchase additional amounts.

Impounding figures released by USDA show that record amounts of corn
ve been sealed through the end of February, 475 million bu had been put under
an and purchase agreement, which is about 100 million more than had been placed
der support by this time last year. Of the 424 million bu of wheat impounded as
February 28th, 103 million has now been redeemed, which is not too surprising
in some cases southwestern wheat has been as high as the gross loan. As a
atter of fact, the greatest percentage of redemptions has been in Oklahoma and
exas, although 14 1/4 million bu has been redeemed in the state of Washington.

Yesterday the House passed, and today the Senate is expected to act
vorably on, the Administration's emergency one-year Feed Grain Bill. If they
, farmers who reduce acreage 20% will be eligible for the $1.20 corn loan, pay-
le in cash or negotiable certificates for CCC feed grains on 50% of their normal
tput. If a grower retires another 20% of his acreage, he will receive payment-in-
nd, based on 60% of normal production. There are other features and restric-
ons but the mere fact that this program is so complicated, along with the delayed
ssage, would indicate less than the desired compliance. Secretary Freeman hoped
r 2-million-acre reduction of corn in order for the plan to be successful, but un-
ss farmers change their minds substantially from their March 1st planting inten-
ons, a corn acreage almost equal to last year's will be duplicated, thus suggesting
e likelihood of at least a 4 billion bu return next fall. Temporarily the enactment
this legislation might be construed bullishly, but if farmer compliance is small
d the crop is large, it must be remembered that a good many farmers will have
loan at all and must rely on free markets for the sale of this grain.

Winter grain conditions over most of Europe are reported favorable
d field work has picked up following a springlike spell. Wheat acreage, however,
under last year, so that total production might not be as large.

May wheat was about the only Board of Trade future that displayed
eakness, and backspreading was featured again with new crop months higher.
owever, the latter did not fully maintain their bulge, and the weekly Kansas crop
eport was mostly excellent although more rains will be needed in the western
ird of that state. Flour business is still slack except for a 30-day purchase by
ne major chain, but wheat exporters remain active.

Soybeans remained firm throughout the session, and the buying could
e attributed to the crush and export statistics as well as the improved demand
r local stocks of this commodity. Nearby months gained. Meal was more or
ss indifferent though deferred months improved and the oil advanced sharply.
eed grains also were strong with the expectation of Senate approval of the pro-
ram for feeds, but we cannot join in this enthusiasm except possibly temporarily,
r unless compliance is greater than indications now appear.

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CHICAGO, 4

March 23, 1961

Late yesterday afternoon, the Senate passed, and President Kennedy signed into law, the 1961 Feed Grain Program, which had been composed by the House-Senate Conference Committee. The bill establishes the price support for 1961 corn at not less than 65% of parity, but the Secretary of Agriculture has already announced that the loan will actually be placed at $1.20. In order to be eligible for this loan, the producer must retire 20% of his average 1959-60 acreage of corn and grain sorghums. For taking this land out of production, he will be entitled to the loan on 50% of the normal production on the retired acreage. He can also retire an additional 20% of his acreage, in which case he would be entitled to the loan on 60% of the normal production of that land. For this program to achieve its goal of reducing the production of corn and sorghums, the farmer must be willing to voluntarily comply. Mr. Freeman said yesterday that he would attempt to achieve 70% compliance by farmers, although the experts in his Department feel that 60% is a more realistic goal. Many farmers have already purchased their seed for 1961 planting and history has shown that they do not usually change their ideas much from the March planting intentions, at which time the indicated acreage was only slightly less than the past year. The primary tool which the administration had asked for to insure compliance was the section written into the original House Bill, which would have empowered the Secretary of Agriculture to sell an unlimited amount of feed grain into the open market at prices anywhere down to 17% below the 1961 support price. This weapon was watered down in the final compromise Bill.

The way the program will now work is that the complying farmer will get negotiable certificates in dollar values which he may redeem for either surplus grain or cash from the government. It is anticipated that most farmers will prefer to receive cash for their certificates, and in order to pay these funds the government is empowered to sell enough surplus grain on the open market to recover the money paid out. CCC will no longer be limited by the restriction wherein they could not sell surplus grains at less than 105% of parity. The Secretary of Agriculture is allowed to use his discretion in selling these surplus grains, and is not forced to take any action at the time that the actual cash payment to certificate holders is made. Therefore, although the Department of Agriculture, acting through the Commodity Credit Corporation, still has sizable control over the free markets, they are somewhat limited in the amount of grain they may sell as against the unlimited amount which the administration's original proposal would have provided. Just how much this power will enable them to force compliance is still a large question mark. What is evident is that the Secretary will probably use this section of the Feed Bill to keep free market prices below the loan value so that non-complying farmers will not receive the same returns as those who comply.

When Mr. Freeman set the corn supports yesterday at $1.20, it had the effect of raising other feed grains proportionately. This would set the supports for grain sorghums at $1.93 a cwt, oats at 62¢ a bu, barley at 93¢, and rye at $1.02. Although farmers are not required to reduce their production of barley, oats, and rye, they will still be granted price supports for these grains provided they cut back on their corn and grain sorghum acreage. The Secretary at the same time announced the 1961 loan on soybeans at $2.30, to which the producers will be entitled whether or not they participate in the corn and sorghum acreage reduction program.

Primary receipts of wheat today were 898,000 bu compared with 940,000 a week ago and 997,000 last year. Stocks in Kansas City and Minneapolis have increased a total of 393,000 bu so far this week. New crop wheat remained firm as backspreading continued to be the dominant factor in the market with many traders selling May and buying July. It has been pointed out that according to the latest Canadian government report there are 2,243,000 bu of United States beans now in store in Baie Comeau, and in addition there are 608,000 bu of our beans still afloat in winter storage in Toronto, and well over 1/2 million bu in store. It is said that this will very likely result in reduced purchases of our beans by Canada during the first month or two after navigation is opened. The ICA expects that its authorization to Spain to buy our soybean oil will be cancelled. The funds which are already obligated would then be used to purchase some other commodity. Soybeans were quite firm all day probably due in large part to the international situation in Laos.

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CHICAGO, 4

March 24, 1961

According to the 1959 Census of Agriculture, there are fewer large farms in the U. S. today. The slightly less than 3 3/4 million farms reported are 23% less than in 1954 and the smallest number since 1870. This decrease in the number of farms showed up not only for the U. S. as a whole, but also, for each individual state and for all except 42 counties in the country. One factor leading to this drop in farm numbers was the decrease in farm land of 38 million acres from 1954 to 1959, but more important was the concentration into larger units. During the five years prior to 1959, the average size of farms rose from 242 acres to 302 acres. While there was a 30% decline in the number of farms selling less than $2,500.00 worth of products, there was a 36% increase in those whose sales totaled $10,000.00 or more. It has been due to the mechanization of farming operations that individual producers have been able to handle more land and that the number of farms has correspondingly been reduced. Locally in Illinois the same situation has held true. According to the 1960 census, conducted by the Illinois Cooperative Corporation Reporting Service, the average size of farms in this state was 40 acres larger than it was 20 years prior, and while this growth in size was taking place, the number of farms decreased from 213,000 in 1940 to 140,000 in 1960.

Before our market opened this morning, there was not toomuch in the way of grain news to guide us. The situation in Laos, which probably accounted for a good deal of the upturn in beans yesterday, was very little changed, as tensions continued to exist. President Kennedy in his News Conference last night backed the suggestion of Britain that there be a "cease fire" and that Laos be left neutral. The President went on to indicate that if the Communists paid no heed to this suggestion that it be backed up by force primarily through the machinery of the Southeast Asia Treaty Organization in order to insure this neutrality for Laos. As yet the Russians have made no comment on the President's remarks at his News Conference, and commodity markets will undoubtedly react nervously while awaiting the outcome of this tense international situation.

Canada advises that heavy buying of linseed oil in the Argentine has led to considerable nervousness in the overseas flax and linseed oil markets this morning. In addition, 3500 tons of Canadian flax were sold to the United Kingdom for April and May shipment. The feeling is rather friendly to Winnipeg flax due to the fact that the Argentine surplus is now out of the way and the United States flax is not being offered in any volume. The market could be further aided if the weather conditions in Western Canada and North Dakota remain dry.

There was very little change in the wheat market today as no export business was reported. In addition the overseas inquiries for flour slowed down. Country elevators in the Southwest again sold moderate amounts of wheat but very little is coming out of first hands. New crop wheat was higher early on light buying, but later sold back down as crop conditions continue to look generally favorable.

The bean market remained strong most of the day due in some part to the continuation of tension in Laos. Most traders want to even up in case any new developments should take place over the weekend. But in addition, the statistical position of soybeans still remains strong. The exports as of the end of last week are running over 6 1/4 million bu ahead of last year, and the crushings at the end of February were 12 1/2 million bu more than a year ago. It is a question of how this usage will continue for the balance of the year. If the exports and crushings continue higher than a year ago, we will certainly have a very close adjustment by the year's end. However, if the higher price of soybeans reduces demand, we could still be left with comfortable supplies on October 1st. We now have over 15 million bu of beans in Chicago, and this of course would have to be moved out before any real shortage could occur. Cash meal continues to sell well under the futuresmarket, being available today at $65.00, while cash oil on the other hand is worth a premium with the bids at 35 points over the May future.

There were only fractional changes in the corn market as the trade seems to be waiting to see just to what degree farmers will comply with the new feed program.

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CHICAGO, 4 March 27, 1961

Markets have been sensitive to the Laotian crisis but this morning the prospects for a "cease fire" are more optimistic. According to Pravda, he Soviet Union, though engaged in their usual double-talk, appear ready to accept he British proposal to end hostilities, although no formal reply has yet been received. The writer attended the National Grain & Feed Dealers Convention at Washington, D.C. last week, and Thursday night talked with a number of legislators who had come to the very successful Congressional Dinner at the invitation of the private trade. The impression gained from these conversations is that the new administration intends to give no ground to the Communists anywhere on the face of the globe, and if Russia is testing Messrs. Kennedy, Rusk, etc., the latter would meet force with force, but only if all peaceful attempts to negotiate failed. We might hopefully add that the present action being taken in regard to Laos might serve as a deterrent to Communist violence for some time.

Over the week-end, the Southwest received rather good moisture, including western sections of the wheat belt, where it was mostly needed. Crop prospects are generally quite good, and as there had been strength in new crop futures as a result of backspreading, we would expect prices to be under pressure temporarily with the almost glowing outlook. At the same time, some of the yellow hard wheat in Chicago will be shipped from this market, which could reverse the old vs. new wheat spread narrowing.

According to Broomhall, the corn outlook in Argentina is mostly favorable and that country might have an exportable surplus of around 138 million bu. Along with this country and Canada, Australia continues to ship large amounts of wheat and flour so that this year should show a record amount of world trade of this grain. In our country export flour business was of small proportions but active demand continues for U.S. wheat and Spain is expected to buy 100,000 tons on a free-dollar basis against their new purchase authorization of 400,000 tons. Country offerings of this cereal are still mostly light and growers, in particular, sell only small amounts. In most cases the price level is too low to permit redemptions.

Evidently some changes from the March 1st intentions to plant are apt to occur as more farmers probably will comply with the Feed Grain Program than has originally been thought, especially insofar as corn is concerned, and at the same time the $2.30 loan for beans could cause an even greater increase in acreage for this commodity than had been reported.

During the week Chicago stocks of wheat declined 284,000 bu leaving 5.7 million in local elevators. Corn increased 1/4 million bu to almost 26 million, of which the greatest percentage belongs to the CCC. Oat supplies, including those afloat, hardly changed so that locally just under 3.9 million bu remain. There are less than 2 million bu of rye in this market following a slight decrease, and bean stocks declined 176,000 but over 15 1/2 million bu remain although further inroads can be expected in the weeks ahead. Also during the past week the visible supply of wheat declined 1 1/2 million bu, and the soybean visible shrunk by nearly a million bushels.

A more orderly soybean market exists, but during most of the morning traders waited for the conference between President Kennedy and Gromyko which ended with a joint statement that a peaceful solution to the problems in Laos would be attempted. Wheat was lower, but the main weakness this morning was in the corn and rye. Concerning the latter grain, new crop months were especially weak after a commodity advisory service recommended the sale of rye. We find no fault with this thinking except that we suggested the same at a good deal higher price, and after a sharp break of this nature we would confine sales to rallies. The corn-hog ratio at 15.6 changed little, but is still better than a year ago, and the University of Illinois estimates that prospects indicate a pig crop about 9% smaller than two years ago, but equal to the crops of 1957 and 1958. In the past six years hog population has increased about 10%.

The USDA has asked for authority to sell an additional $2 billion worth of surplus farm commodities the balance of the present calendar year because all but a very small amount of the present authority has been utilized. We note that for the first time India purchased soybean oil from the U.S. under PL 480 agreement.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

March 28, 1961

The forces of inflation are again at work, and one public reaction has been to invest rather heavily in securities as a form of protection against a possible weakening dollar. The new administration is little changed from recent ones except that even greater sums of money probably will be utilized. The President is seeking authority to spend some $10 billion more than his predecessor for this year and next, thus forcing another rise in the debt ceiling. One point poses a question and that is whether the type of spending contemplated in reality will prime the economy. It is true that greater amounts will be poured into defense and missiles, but otherwise social reform seems to be the order of the day, and into this category falls social security, health and education as well as minimum wage hikes and loans to depressed areas. If we are or have been in a mild recession, then we wonder whether aid in these directions actually repairs the economic situation or will it only provide a temporary stimulation. The areas most in need of school subsidies must stand the major expense, and in order to bolster farm income, a greater tax burden falls on the public. Increased wages are passed on from employer to consumer so that inflationary fuel is added and indebtedness rises, but this only seems to delay the final solution. Federal spending and job creation must coincide or be followed by an improved business climate so that more income is made available to pay the costs.

The news concerning Laos changed little overnight, and the Russians, though having agreed to the necessity for a peaceful solution to that trouble-spot, still have not consented to Western terms. Our market was guided more by the purchase of 25,000 tons of soybean oil by Spain for April shipment, which brought buying into the oil market and consequently beans early in the session. The USDA has estimated soybean supplies as of March 1st at 28 million bu less than the same date a year ago, and considering the fact that we carried over 23 million, a very tight supply picture can be painted. Of course, we normally have new crop beans before October 1st, which is the cut-off date, but more important will be the usage between now and the end of the season, and most likely the price differential between old and new crop beans will cause a slackening in the demand later on. However, the season is but half over so we would expect erratic markets between now and the end of the crop year.

Feed grains have declined as supplies appear plentiful and, if a fair sized crop of rye is produced despite the loan rise, this grain probably might be under additional pressure. The country has increased offerings of corn and CCC sales have enlarged, especially in comparison with a year ago both for domestic and export usage. Washington advisors indicate that the administration would consider 70% acreage participation in the new feed grain bill successful, but we cannot visualize compliance anywhere near that high. Evidently Mr. Freeman is determined to make it pay to comply by selling government stocks now.

There is little new in the cash wheat situation in the Southwest except that mill interest improved and supplies remain tight. Three western railroads reduced freight rates on wheat shipments moving from the Great Plain states to Gulf ports.

During the week free stocks of wheat in Chicago decreased 284,000 bu leaving 5,665,000. Despite very large export workings of late, May wheat has sagged probably because commercial users feel that local stocks could prove adequate between now and the balance of the season. Free corn increased 364,000 to 11.9 million bu, and CCC offerings in this market are heavy. As a result, corn broke rather sharply again this morning and with an open interest of over 100 million bu, further liquidation might occur. Oats, too, were weak and crop prospects are improved while at the same time there is little demand for Chicago supplies. The nearby month as a matter of fact made a crop low.

While grains were under pressure from the opening bell, beans stayed firm throughout the morning, and a number of traders feel that the crop highs made approximately a month ago will be tested. The export figure for last week is due after the close and will compare with less than 1.2 million for the same week last year. All months of wheat were lower as longs are discouraged and new crop prospects continue mostly excellent. Cash meal is firm and rye, too, sagged, especially nearby months.

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CHICAGO, 4 March 29, 1961

Soybean inspections for export last week amounted to 1.8 million bu compared with 1.2 million for the corresponding week in 1960. The cumulative total since October 1st shows that clearances are running almost 7 million bu more than a year ago. This foreign demand along with crushing figures, which are greater than last season, have kept prices strong. As a matter of fact, the market opened higher this morning and all crop months are not far from their season's highs. This is despite the fact that the Census Bureau Report shows that factory and warehouse month-end stocks of both soybean and cottonseed oil have enlarged from the previous reporting date, and the soybean oil market reacted at the start. While discussing bean exports we would point out that during May and June of last year shipments averaged over 3 million bu per week, and during the last fourteen weeks of the season, July through August, weekly totals averaged about 2 1/4 million bu, so that there is a strong possibility that utilization comparisons might reverse the first half-season trend between now and the end of the crop year. The chances are that a moderate supply will be carried over, in which case July beans finally could lose much of their premium over new crop months.

Processors have complained for weeks about their poor conversion ratio, and especially with the recent weakness in corn and other feed grain prices meal demand might be expected to slacken as there is a definite relationship with feed grain prices, despite soybean meal's protein value. The impact of the new Feed Grain Program comes under observation again, as already the Secretary of Agriculture is making attempts to obtain the greatest percentage of compliance possible. Evidently a number of educational talks have been given to farm groups and increased heavy selling from CCC corn stocks has occurred. Mr. Freeman's Chief Advisor stated that the USDA plans to market enough surplus grain between now and October 1st to keep corn prices at the present level of about $1.00 per bu. If this policy is successful in getting growers to retire acres, there could be a substantial curtailment in next fall's bushel output of this cereal. In the meantime, corn marketings could drive futures prices lower but finally we would think December corn would respond to the actual size of the crop.

The entire concept in regard to farm legislation is to increase producers' income while at the same time attempting to reduce program costs to taxpayers, and this year's Feed Bill it is hoped will mean about $500 million less in agricultural expenditures. Of course, the foremost aim is to prevent further buildups in surpluses while at the same time giving consumers fair and stable prices for meat, poultry, and dairy products. Farm income in 1961 is expected to increase substantially because of the various new support figures, most of which have been raised. It is thought gross income might reach a record $40 billion and net income $13 billion, which would be the highest since 1953. It must be remembered that free market prices of some articles, such as soybeans and meat animals also are improved.

Some snows and rains were received in parts of Kansas and the Texas Panhandle overnight, and the Nebraska weekly crop report indicates excellent progress for winter wheat although some insect damage is showing up locally.

Today's market probably was the biggest both as far as volume and price changes are concerned for some time. Grains, which have been weak, liquidated further and in some instances declines were sharp. May rye, for example, was off as much as 7 1/2¢, and corn dropped at least 4¢. May wheat also was sharply lower, and the spread between this and new crop months narrowed considerably although the latter have been influenced by glowing crop reports. A good deal of selling occurred in soybean oil as a result of the increase in stocks report, and meal finally weakened also as it appears to be highly priced in comparison with other feeds. The greatest decline finally occurred in soybeans which had been higher early in the session, and at one time old crop months were off the daily trading limit. Oats, along with feed grains, were influenced by liquidation and crop lows in this cereal were made across the board. Short covering helped near the close.

Practically no attention was paid to export business, but some overseas sales of flour were consummated, and offers on a large amount of wheat have been submitted to Spain. Italy, too, is expected to purchase additional quantities overnight. Spot corn traded at 3 under the May, and a number of CCC cars carried over exchanged hands.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 30, 1961

We have always opposed any plan which enables the government to sell grain competitively in the free market, and especially their latest policy of selling corn in order to force farmers to comply with acreage controls. Even though legislation was modified in regard to this issue, Agriculture Department officials have begun offering large quantities of corn, which in their opinion is out of condition. Mr. Freeman's announced intention to sell this grain at $1.00 per bu between now and October is terribly depressing to the private trade. What is more, this policy is contradictory to all forms of free enterprise, as it hurts public markets because the government not only competes, which in itself is bad enough, but regulates and eliminates any semblance of open competition. In a recent speech the new Under-Secretary of Agriculture Charles S. Murphy said: " We are looking toward a fair return for farmers and the Emergency Feed Grain Program represents an important step toward the 'new frontier' in agriculture. This is no "new frontier" nor is it particularly fair. High supports are very old and very harmful, as they merely encourage farmers to produce the most they possibly can from the land on which they plant. Under an acreage retirement system, poor soil is left idle and yield averages on the remaining acres steadily improve. Pricefixing by private industry has been condemned, yet the officials have stated they will set the price of corn at $1.00 per bu, which is contrary to the freedom of action government wants to deprive private business from enjoying.

There was no special news overnight but following yesterday's extreme liquidation, some improvement occurred near the close. This morning markets were a little better supported early but it might take a while for confidence to return. One source indicates that the Communists might be willing to consider a "cease fire" in Laos but on their terms. It seems as though the Russians would establish a commission to investigate and work out the mechanics to the halting of hostilities, which may be just another delaying tactic. At the moment our soybean market seems less concerned with foreign developments, and weakness yesterday probably can be blamed in part to the break in feed grains and wheat. Two days ago, the Agriculture Digest in their issue for publication today, announced that the carry-over in soybeans might only be 5 million bu instead of 10 million, but assuming the trade had not been aware of this new estimate, some buying this morning might be attributed to this new statistic.

Broomhall's Foreign Crop Summary talks of cold weather in Europe, which might have delayed spring planting slightly. Winter wheat appears mostly satisfactory, and though acres planted to this variety are in most cases below that of a year ago, spring plantings could in part offset this.

U. S. wheat and flour shipments since the start of the crop year amount to 469 million bu vs 332 million a year ago. 132 million bu of corn has cleared compared with 102.5 million bu by this time last season, but oat exports are running about 10 million below the 32 million cleared in the comparable period of 1960. It might also be noted that Canada sold 100,000 tons of wheat to Czechoslovakia, bringing the total for the year to 11 million bu.

Today's market was a good deal quieter than yesterday, and price changes over-all were comparatively minor. Beans fluctuated within about a 5¢ range and finally closed higher. Corn improved somewhat although carrying charges widened and most of the buying was in the new crop month of December. The CCC Evanston Office offered a total of 201 cars of corn yesterday of various grades including No. 2. New crop wheat was influenced by short covering, but the May, after early buying orders had been filled, settled back to around last night's close. Ordinary hard wheat in the Southwest sold at its biggest discount under the loan at any time since harvest so that country elevator offerings have halted. There was no particular export news except that Japan bought parcels of beans estimated at about 15,000 tons. Monday's figures should show a sizeable decrease of Chicago bean stocks but even if 2 million bu are shipped each month between now and September, there would still be more than ample suppliesso that we are doubtful whether inroads will be sufficient to completely remove stocks from this market.

When the wheat visible is posted Monday, it will compare with a decrease of 2.3 million bu in 1960.

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CHICAGO, 4 April 3, 1961

Despite the fact that world production of bread grains reached record proportions in 1960, over-all amounts were only 30 million bu above the 8,150 million bu harvested the year before. This includes rye output, which was the smallest for recent years, principally because of reductions in the Soviet Union and Eastern Europe where about 70% of the world rye is grown. More wheat was raised on the North American Continent than ever before even though only 85% of the 1950-54 average acreage was planted, but near record yields resulted in 1.9 billion bu of this cereal. Though no official figures are released by Russia concerning that country's agricultural output, estimates are considered fairly accurate, and 1960 wheat production there is listed at 1.7 billion bu, which is 200 million smaller than the year before and quite a bit under the 2.3 billion bu raised in 1958.

World production of soybeans during the last calendar year is estimated at 977 million bu, which is actually 3% more than the previous year's outturn and very nearly as large as the 1 billion-bu record of 1958. According to Foreign Crops and Markets, Mainland China probably harvested in 1960 approximately the same sized crop as the 350 million bu grown one year earlier. Added to the 559 million bu raised in the U. S., almost 95% of the world output can be accounted for between these two nations. The Communist Chinese soybean reports are confusing because of continuous drought talk but while larger returns were credited to the Northeast section of that country, interior points evidently suffered, and beans were used more locally for cooking oils and protein feeds. As a matter of fact, these usages have increased on a worldwide basis,creating an ever-growing demand for soybeans.

According to the Census Bureau, official revisions through February plus inspections since that time show that cumulative U. S. clearances of soybeans since October 1st now are 8.2 million bu ahead of last season. This is about a one million bushel upward revision.

Parity announced over the week-end shows that the index of prices received by farmers declined fractionally during the month ended March 15th, due mainly to lower returns for milk, eggs, hogs, potatoes, and broilers, while on the other hand yields for soybeans, cotton, and cattle improved. Prices paid by farmers were unchanged from February so that wheat parity was no different.

Other news after the 3-day holiday week-end was of little importance. Evidently CCC continues to load corn from country points so that further pressure might be felt on our market and carlot receipts in Chicago this morning were estimated at 559 cars, about half of which were government-owned. Elevator sales of wheat in the Southwest have added up to fairly large amounts the past few days and mills have been the best buyers. A little better foreign demand has occurred for flour, while export sales for all commodities were light. USDA has announced that producers will be required to maintain their 1959-60 average acreage of conserving idle farm land in 1961 to be eligible for price supports on soybeans next season. The purpose is to insure that additional soybean production will be on acreage that has been used for surplus crops rather than using pasture or idle land, thus avoiding the creation of excessive soybean output.

Wheat stocks in Chicago declined 178,000 bu during the week leaving less than 5 1/2 million in store locally. Despite this, May weakened again this morning and lost additional ground on the new crop months, otherwise, there is little demand currently for red wheat here. Corn stocks decreased 195,000 bu leaving 25.8 million. Oat and rye supplies also lessened and 3.7 million bu of the former remains in this market while 1.9 million bu of rye are still in Chicago elevators. As expected bean supplies decreased 430,000, but over 15 million bu remain, and though further inroads can be expected, chances are some of whatever carryover the U. S. eventually has will be in this market. The USDA thinks that reserves October 1st will be reduced to "pipeline" supplies as despite the estimated 1960 Chinese soybean crop about equal to the year before, that country has shipped substantially smaller amounts so that there is greater competition both domestically and by exporters for U. S. stocks.

After early weakness beans recovered, and nearby corn lost ground while new crop months were very strong. Oats, too, were higher while rye eased with no special feature.

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CHICAGO, 4. April 4, 1961

Very likely an omnibus farm bill will be presented to Congress in he very near future. Major attention will center on wheat, as this grain comprises he largest inventory investment by the CCC, totaling $2.8 billion worth. Probably one of two legislative courses will be followed. Either there will be a wheat program similar to the Feed Grain Bill recently passed with the high loan and the mandatory acreage retirement, or else a program might be developed along the lines of direct subsidy, or a two-price plan. The latter would be our choice for a number of reasons. First of all, the main objective is to eventually return to free markets, though we feel present administrative thinking is to the contrary. In order to do so surpluses must be reduced, but if wheat production is guaranteed only insofar as domestic consumption permits then farmers would plant only the amount of grain that would allow for a profitable return. The federal government would no longer be called upon to store excess supplies and the present 1 billion-bu CCC inventory would not be increased. Actually this grain could be used for relief, food for peace, P.L. 480, etc.

Including wheat, CCC currently has $9.2 billion invested in price support programs together with $7 billion worth of inventory being stored at taxpayers' expense. Corn totaling 1 1/2 billion bu comprises the largest single grain and Mr. Freeman is hopeful that by selling large quantities between now and October 1st, growers will be influenced into joining the 1961 Feed Grain Program. We would think he is optimistic when he projects 70% compliance in the corn belt, which if correct would mean this year's corn acreage would amount to 70 million as against 82 million last year, and consequently about a 3.8 billion-bu crop. Best advices so far indicate that less than 50% of the nation's farmers will comply, and, of course, poor land is left idle while the best soil is heavily fertilized, resulting in constantly improving yields.

The conversion ratio is still not as good as processors would like to see it and the spread between the price of soybeans and the value of oil and meal has dwindled to the poorest difference in a year. Unless some improvement occurs in the demand for the products, it seems unlikely that beans will gain much favor unless, of course, exports continue at their first half-season pace. Since the start of the season, clearances of this commodity are running about 8 million bu ahead of last year and soybean oil shipments also are well ahead of last year's rate. However, clearances of meal, including cottonseed and linseed are behind the 1960 schedule, while cottonseed oil also is being exported at a slower rate. USDA has again indicated that crushings will total around 400 million bu for the current season vs 392 million during the previous crop year, and with exports about the same, the next October 1st carryover will be the smallest bean inventory since 1956. It must be remembered, however, that new crop beans normally are harvested in September, particularly if there is an incentive for producers to gather this commodity ahead of time, so that supplies should not be scarce between now and harvest time.

Suddenly export business in wheat diminished though the long holiday week-end may have something to do with this, while on the other hand flour bookings expanded. There is a good deal of foreign hard wheat business pending, with large sales to Brazil and India in the offing. Turkey also was granted an authorization for 150,000 tons. Country movement in the Southwest is almost nil.

During the week free stocks of wheat in Chicago decreased 178,000 bu leaving less than 5 1/2 million. Free corn supplies increased 195,000 bu to 12.2 million. Markets had a better undertone all around, and spreading in corn was a reversal from recent days in that nearby months gained on the deferred, particularly December which has been strong. The Secretary of Agriculture claims that he does not intend to drive down the price of corn in the months ahead as it is not his intention to hurt farmers. Of course, it must be remembered that corn that is being sold now supposedly is grain that is out of condition, which is the only corn that the CCC has authority to sell. Wheat, too, improved but Chicago supplies are larger than they were a year ago at this time, and as we ended last season with 1 1/2 million bu here, there is no reason to believe that any shortages will exist between now and July 1st. Soybeans and the products rallied early but reacted when it became known that a cease-fire in Laos is possible.

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CHICAGO, 4 April 5, 1961

Considering the dwindling importance of the nation's farm vote, it is surprising that there is not more pressure applied to offering smaller amounts of dollar aid to farmers and to reduce federal involvement in agricultural programs. Only one out of every 8 Americans now lives on farms which is a complete reversal from the nation's early days, and when the Constitution was adopted there were no big cities in the modern sense and as late as 1850 about 85% of the population lived in rural areas. Today there are over 50 American cities with inhabitants numbering over 1/4 million people. Along with this changing trend we have become a nation of specialization which is a far cry from the early 19th century when nearly all economic activity was carried on at the farm level including education, entertainment, transportation, and medication as well as food, clothing and shelter provisions.

Without the progression of people from farms to towns and cities, the tremendous rate of industrial and urban development would have been impossible. We can compare our country with other lands and clearly note the differences which have been borne out of our ability to release this labor force for other uses. In the United States 8.5% of the national labor force annually produces over 200 million tons of grain, 20 million tons of meat and eggs, 60 million tons of milk, 35 million tons of fruits and vegetables, plus 3 1/2 million tons of cotton and almost a million tons of tobacco. All of this is accomplished on 4 million farms, half of which are classified as commercial units producing 93% of the marketing goods. By normal business standards the financial and income status of this group is considered good. Having out-produced the Soviet Union many times over with about one-fifth of the number of farm workers, it would seem senseless to borrow from them their system of compulsory controls. Free competitive markets based on production and marketing incentives have brought American agriculture directly and American industry indirectly to their present plateaus.

Soybean exports are being maintained, and 2.4 million bu were shipped last week versus 2 1/4 million during the same week last year. Cumulative totals since October 1st show that clearances for the season are 8.4 million bu ahead of the same period last season. As a result beans were strong at the start but before they opened products were bought rather hastily by shorts and those who were surprised by this export figure. Otherwise there was little news except that the weekly crop report indicates that field conditions generally are good throughout the grain belt, and winter wheat is progressing satisfactorily. Subnormal temperatures have retarded growth and the forecast is still for readings below normal, and even frost in a number of areas. Oat seeding in Illinois is about half completed, and has begun in Minnesota where fields generally are too wet and the ground is still frozen in all but a few counties. European conditions are only fair as rains have retarded spring seedings in a number of countries. It was thought that some of the winter grain deficiencies might be made up by amounts sown during the spring months, but total wheat acreage probably will be below last year as a whole. Harvest is progressing in India, and observers are optimistic regarding the outturn. There is some talk of record wheat production there. Argentina has completed their season's corn shipments totaling 80 million bu compared with 100 million the year before.

Wheat primaries are small at 453,000 with St. Louis not reporting, and this figure compares with 511,000 last week and 752,000 a year ago today. Kansas City stocks have decreased 308,000 bu so far this week. Our wheat market changed very little, but the May contract still is draggy eventhough Chicago is closer to a shipping basis for wheat to the Gulf. Some sales might even have been made. There is little new in the Southwest, but additional hard wheat sales are being made. However, there is practically no sign of hedge lifting in Chicago.

Corn had difficulty maintaining an early advance, and a number of CCC cars were sold in this market though not as many as earlier in the week. Most of the trade was in soybeans which again were erratic with the price level above last night's close most of the morning. According to the New Orleans loading schedule, next week's inspections might compare rather favorably with the similar period in 1960, and of course the number of beans exported between now and the end of the crop year should be a major key to the price level.

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April 6, 1961

Even though there may be some revisions from the March 1st intentions to plant, it, nevertheless, appears most certain that a smaller feed grain acreage will be planted in 1961. This is especially true as a good many farmers will comply with the Feed Program, so that output will be less than the record 168 million tons raised in 1960. Of course, acreage comparisons by themselves are difficult as weather and growing conditions are quite a factor also. As we know, the USDA has stepped up offerings and the CCC movement of corn has softened prices generally the past two weeks. Country elevator loadings continue but there has been some talk to the effect that the Secretary of Agriculture might hold back on some sales until after October 1st, or during the harvest movement, as an inducement for farmers to join in the Feed Grain Program.

Much of the country-run corn currently being liquidated is below average quality and only 15% of this cereal received in the principal markets during the December to February period graded No. 2 or better compared with 12% last year and over 30% normally. Because of the banner crop last fall, 476 million bu of the yellow cereal was placed under price support through February, indicating record impoundings by May 31st, the sign-up deadline.

During 1960-61, world feed grain production stayed at a high level and an interesting fact is that the 4.4 billion bu of U.S. corn amounts to one-half the world's total. Europe again expanded output of this grain, raising 975 million bu, while the Soviet Union harvested 590 million bu last year. All of this contributed to a lessening demand for American feed grains, and exports are currently running behind last season's schedule. With favorable livestock-feed price ratios during the past year, increased animal production is forecast for 1961, mainly in hogs. The cattle population has risen steadily during recent years, probably because of the growing meat intake by the American consuming public and an expansion in poultry output is also in prospect during the balance of 1961.

Despite no real news to guide markets at the start this morning, soybeans were quite firm. Meal and oil led the advance, particularly the latter, which traded in new high ground. Some further sales of soybean oil are expected, and beans are influenced by this and the fact that exports of this commodity are being maintained at a rate better than last season.

Wheat exports are still big and our country has shipped 483 million bu since July 1st compared with 347 million bu by this date twelve months ago. Corn exports are running better than 30 million bu ahead of the previous season, while oat clearances are 22 million vs. 34 million bu since July 1st. Country selling of wheat in the Southwest is still light, while mills appear eager to maintain maximum stocks. Some further export sales of hard wheat are in the process of being made, but there is practically no sign of hedge-lifting in our market.

Primary receipts of wheat were 705,000 bu compared with 694,000 bu last week and also 694,000 bu a year ago. Kansas City and Minneapolis stocks have decreased 512,000 bu so far this week.

Canada advises that the Rotterdam linoil market is nervous and higher this morning on unconfirmed reports that Russia has bought a large quantity of Argentine linoil. There has also been some export business done in U.S. flax to the Continent, and it appears that some Canadian flax might be worked to the United Kingdom, all of which has resulted in a higher flax market. Old crop beans were extremely strong all day with May trading as high as the limit up and within 1 1/2¢ of the high for the season. This advance in beans was led by a strong oil market on reports that Spain will again be in the market soon for another 25,000 tons of crude degummed and refined soybean oil, and also that the pending agreement with Yugoslavia will shortly be reached, which would include 30,000 to 35,000 tons of vegetable oil. This upturn in oil led to a good deal of short covering in beans which took the market up through its recent highs.

New crop wheat futures remained under pressure as the condition of the new crop remains favorable and the outlook is for large production. Feed grains traded fractionally lower with corn traders nervously waiting to see just how far the Agriculture Department will depress prices through sales of their surplus. May wheat was slightly higher most of the day but the market still lacks any real buying enthusiasm due to the fact that stocks in Chicago do not move out at a very fast rate.

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CHICAGO, 4 April 7, 1961

May and July beans went into new high ground this morning, which was not surprising after the sensational advance which had occurred yesterday. Apparently there were some shorts who were still nervous and covered commitments, particularly when they saw higher prices this morning for products. Since mid-March we have had advances in the market for the nearby months of 20 to 25¢ per bu, and undoubtedly with a rather close adjustment expected at the end of the season, nobody can be sure what the price level will have to be in order to make ends meet.

While all this has been going on, we have had the enactment of a **Feed** Grain Bill, which still contains a good many uncertainties and for that reason speculation in corn and in oats has been at rather low ebb. One of the biggest questions centers around the use of the payment-in-kind certificates. The trade is asking how, when, and where, and how many of the certificates are likely to be redeemed. When the farmer who complies with the program receives his certificate, there are three alternatives open to him. For example, he can take his certificate to a CCC warehouse and cash it in for grain. However, this does not seem to be a very likely operation, at least for a farmer who will produce about enough for his own requirements. Another alternative is for the farmer to sell his certificate to another farmer, or to someone else who actually needs grain, or who might want it to turn it in for cash. The third alternative is for him to redeem it at the CCC Office where the government will sell it for him. Under almost each one of the alternatives we have mentioned, it will mean that more grain will be turned back to commercial channels. This is all in addition to the government selling, where the farmer is purposely being coersed into compliance, and apparently the government sales are intended to make it less attractive to plant a large acreage.

As a result of all this, May corn has declined about 7 1/2¢ since mid-March when the farm debates were in full swing and the July future is down nearly as much. Oats have declined to a somewhat smaller extent but for a lower-priced cereal, the May future is down more than 4¢ per bu while the July delivery has dropped in about the same proportion. Actually during the past three weeks beans are about the only commodity that have risen much in value, and about the one product that is influenced less by artificial circumstances than almost any of the grains. Wheat during the period under study has gone down quite considerably although the decline has been mostly in the old crop future where it is now felt that despite large government holdings, we may have sufficient supplies to take care of home usage and exports. Some of the forecasts attesting to the adequate free supply situation have been predicated on the prospect that more than 20 million bu of wheat that is now under purchase agreement may not finally be delivered to the CCC. However, the decline in the market may cause some change in this thinking. Kansas City premiums have been advancing a little during the past week, which reflects an active mill demand and an extremely slow movement from first hands. This, however, is mainly true with respect to the Kansas City area, and we find, for example, that in Oklahoma and Texas elevators have been pressing wheat to a larger degree, probably for the reason that the new crop outlook remains very favorable, and new wheat will be available, as it generally is, at an earlier date than farther to the north. Despite the chances for a good crop, new crop wheat futures have held reasonably well considering the decline in May, and this is due largely to the possibility of heavy loan entries on the next crop, if prices should decline very drastically from this level.

Primary receipts of wheat were very small at 484,000 bu while a week ago was Good Friday, and a year ago primaries were a little over a million bu. Kansas City and Minneapolis stocks so far this week show a decrease of 586,000 bu. When the visible is posted Monday it will compare with last year's decrease of 1.2 million bu.

While beans were strong early, there was a considerable amount of selling on a report that China was expected to sell some soybeans again, and that Japan therefore had postponed purchases. There was extreme quiet in the flour trade, but nevertheless May wheat was somewhat higher, but the new crop months were lower with general comment that growing conditions are generally favorable. Corn was down and one house was apparently a large hedger which was presumably against a purchase from the government.

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CHICAGO, 4

April 10, 1961

The inescapable fact is that agricultural output has increased in recent years at twice the rate of industry in general. Farmers are the victims of their own productivity. It seems a sad commentary that in a world where starvation is still taking place in some areas and undernourishment seems to be the rule of the day over wider areas that the distribution of food and feed products can not be accomplished in order to alleviate misery. The fact is that in the four principal exporting countries there is still a total of 277 million short tons of wheat, rye, barley, oats and corn. In addition there are the record U. S. stocks of grain sorghums amounting to 22 million short tons, and the present sorghum supply exceeds the previous record at the beginning of 1960 by 4 million tons and is 4 times the 1950 to 1959 average of 7 million. The current total of 277 million tons of the principal grains in the four countries is 6% above last year's large figure and considerably above any previous holdings. By far the largest increase from 1960 supplies is in the United States with an increase of over 15 million tons, mostly corn and wheat. However, supplies are also up in Canada and Australia, while Argentine supplies are the smallest in recent years.

The new administration is trying to solve agricultural problems by first tackling feed grain surpluses, and believes that in view of the excess reserves that have been built up that the only way to solve the matter is to curtail acreage. Ordinarily this would be done through low prices and thus discourage farmers to grow big crops. Our own thoughts in this matter have been oft expressed in these letters. If farm income is to be maintained at high levels, we would prefer to pay the farmer a bonus rather than to keep prices high in the marketplace, and in a measure either discourage exports or continue to subsidize them. The government plan, while keeping the loan level of corn at a fairly high level, uses the implement of selling accumulated stocks at comparatively low prices in order to induce farmers to adhere to the new program of reducing the amount of land under production. This afternoon we shall have a preliminary report that will give the U. S. stocks of corn for grain on farms. We shall also get figures on oats, barley and rye, as well as soybeans, sorghum grain and flax. These figures will all show the amounts left as of April 1st. Probably of greatest importance will be the amount of soybeans left on farms, and the figure is expected to be considerably lower than last year. We shall also be told what the indicated production of winter wheat is and the indicated percentage of abandonment. The chances are that with satisfactory weather over the winter months and during the early spring that a high condition will be shown, and very likely the abandonment will also be low. Therefore, there is every indication of another large winter wheat crop in the offing.

Before our market opened this morning there had been reports of a moderate volume of flour business for export, but the domestic trade remains small. USDA calculates that the amount of wheat left for milling, export or carryover as of April 1st, after allowance for a full year's feed and seed reduction, is 1,709 million bu versus 1,596 million a year ago, and 1,267 million bu two years ago.

Wheat stocks in Chicago declined 553,000 bu for the week leaving less than 5 million bu here. However, May wheat was very weak and a considerable amount of stop-loss selling was encountered. Local bean stocks declined 566,000 bu, but we still have 14.3 million bu in elevators plus 286,000 bu afloat. The bean market was in a class by itself and was about the only commodity that closed higher. The products also went up and between the oil and meal and the beans themselves, one seemed to react on the other, but it is our opinion that the higher the price goes now the sharper the reaction may be later on if it is found that supplies are not quite as tight as some now anticipate. One of the processors was a buyer of March and a seller of May while a northwest broker bought November and sold September beans. Altogether the markets were very strong with the nearby months going into new high ground and advancing the sharpest. Some time ago some beans were sold from this market to an exporter but evidently chances of selling these abroad have not been good, and we understand that the beans were resold to a Canadian processor. General demand for Chicago beans is poor.

Coarse grains were weak. A commission house was a very heavy seller of July corn. Oats were also on the defensive. Chicago corn stocks went up 683,000 bu during the week.

UHLMANN GRAIN COMPANY

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CHICAGO, 4

April 11, 1961

Yesterday afternoon the government estimate of winter wheat showed an increase of some 60 million bu from the original 1961 figure released last December. As of the first of this month the number of bushels expected this summer amounts to 1.1 billion on the basis of a yield of 25 bu per acre. This would be slightly below this past season's final outturn, but if a comparable improvement occurs during the remainder of the growing season, production might well exceed last year's fine result. At any rate another excellent crop is almost assured when it is realized that the average yearly return during the 1950's amounted to 840 million bu.

Other statistics were released yesterday including the rye condition which was placed at 89% of normal versus 86% last year, and the 10-year average of 84%. Since Chicago stocks appear ample until harvest, and as the foreign demand is no better than a year ago, rye prices have been under pressure and the immediate response to the possibility of a larger crop was a weakening in the Chicago market at the start this morning.

Probably of greatest interest is the fact that only 72 million bu of beans remained on U.S. farms April 1st, which is about half the amount that was located there 12 months ago. This can be reconciled by a number of factors though a more clear picture will be determined when the mill and elevator positions are known on the 24th of this month. Obviously with the high prices for this commodity in comparison with a year ago, farmers have been more eager sellers, which is reflected in the fact that visible supply is 14 1/2 million bu greater than the same time in 1960, and processor stocks at the end of February were 23 million bu larger. The carryover last October 1st was 23 million bu, and as the USDA has estimated only about 5 million bu at the end of the current season, the disappearance from farms can be largely reconciled. Just what price beans must sell to discourage utilization is the great imponderable, but there must be a reduction in utilization in comparison with last season during the balance of the crop year or there would be a deficit supply of soybeans.

Stocks of corn on farms April 1st were in excess of 2 billion bu, but only 25 million bu more than a year ago, which probably emphasizes the increased feeding usage. Wheat supplies are 53 million bu more than last year in the same location, and farm stocks of oats also are 60 million greater than they were on this date last year. These statistics were about the only news overnight, and, of course, markets responded as indicated above, and at the same time May wheat was again lower as there is little demand for this cereal stored in Chicago, especially the red wheat for which export demand temporarily is limited. Hard wheat continues moving into foreign channels, but country selling in the Southwest remains extremely light, and export flour sales have also improved. Since a number of traders are currently interested in flax, it might be mentioned that the Canadian market has gained support somewhat in sympathy with soybeans, and also because ground conditions in that country are dry although it is too early to become too pessimistic as planting does not start for at least another month.

Evidently farmers will comply with the Feed Grain Program insofar as corn plantings are concerned to a larger degree than had earlier been thought. Between private and official estimates, at least in the Corn Belt, as much as 60 to 70% compliance on an average might be expected although it is still early to determine completely. At any rate carrying charges have again widened in corn with the CCC daily offering heavy quantities from their stocks, thus depressing nearbys while new crop corn showed a tendency to gain this morning on the theory that next year's crop might well be under 4 billion bu. Free stocks of this grain in Chicago increased 845,000 bu to over 13 million last week so that carrying charges might prevail for some time.

There was some moisture again in the Southwest and wintry weather is descending upon the Northwest with snows and freezing rains forecast for the Dakotas and extending into Iowa in the next 24 hours so that spring still seems a long way off. Free stocks of wheat in Chicago decreased more than 1/2 million bu last week leaving less than 5 million in this market, but further reductions most likely will be slow. Soybeans gave little ground from their opening high range and closed limit bid, and the products were up in proportion with very little pressure displayed.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 13, 1961

Next Monday the President will send to Congress farm legislation substantially the same as previous farm programs, in that loans based on parity will be the main feature. Wheat, however, will be exempt because it is felt that no positive action is likely before next fall when winter wheat planting occurs. In the meantime, it is thought that a wheat measure for 1962 along the lines of this year's emergency feed grain program, with 20% acreage allotments and a higher support, might be expected. The complexity of Mr. Kennedy's proposal is too great to dwell on at this time, except to mention that support prices still seem to be in vogue and will be used as a nucleus at the outset of discussions.

It is difficult to realistically project soybean values because it is impossible to reflect the degree at which small supplies might be discounted pricewise. However, some comparisons might be interesting. Last year at this time, May and July bean futures were more than $1.00 per bu lower, while soybean oil was worth 8¢ per lb compared with 13 1/2¢ presently. Disappearance has increased especially, insofar as exports are concerned, which has been the major reason for the rise, and in the first four months of this season, clearances of soybean oil almost doubled last year's tonnage, while cottonseed oil was down one-third. This expansion in shipments reflects mainly larger sales to Spain and Poland under P. L. 480 authorizations. Other countries also participated to a greater degree. Interestingly enough, soybean meal at $76.00 is $20.00 per ton higher than last year even though feed grains commonly are quite depressed. Evidently processors have found it necessary to raise meal prices as beans were advancing in order to maintain any semblance of a profitable conversion. It is true that domestic consumption has increased more than enough to offset a lagging overseas demand, as this feed is a vital protein nutrient and broiler chick replacements are heavy. At the same time linseed meal is valued at $53.50 per ton vs. $59.00 last year, while cottonseed meal is only slightly above the April 1960 figure. Total supplies of soybeans available during the latter half of the season will be less than a year ago, and USDA says while most of the seasonal rise probably has occurred, prices should continue strong this spring and summer, although we know that there must be a curtailment in usage or there would be a deficit at the season's end. In the meantime, there is very little interest in Chicago elevator stocks.

Since the start of the wheat season exports of this cereal have now about reached the 500-million-bu mark vs. 357 million a year ago. The four major world exporters of wheat have also increased sales as a group but nothing to compare with clearances from our country. Corn exports are running quite a bit ahead of the previous season, while oats are behind, and rye is about the same.

Growing conditions remain good for winter wheat and temperatures should begin to moderate now. According to the weekly bulletin, approximately 25% of the Iowa oat acreage had been sown by Monday, which is ahead of last year's schedule. As a matter of fact, spring work inthe corn belt is generally ahead of normal, with soil moisture mostly good.

Markets were comparatively quiet until the end when soybeans gained strength and improved in relation to last night's quotations. Products were of little help and the oil in particular sagged while meal finally picked up support and, too, was able to rally over the previous close. Some warehouse receipts of beans have changed hands at a full carrying charge under the May so it seems apparent that there will be deliveries the first of the month. A few parcels of beans and meal have been sold for export, but for October-November shipment.

Spain, which was in the market for sizable quantities of world wheat, finally bought a cargo from Russia, rejecting all other offers. May wheat again reacted and local supplies appear ample and according to mill advices should last until mid-July. New crop months also sold at the lowest point for some time. Though December corn lost ground on the nearby, the daily CCC list of cars is tremendous and since the start of the season they have sold about twice as much corn as a year ago. There have been a few Congressional complaints about "dumping". Even though about half of the Chicago receipts of this grain are in the free category, a good many of these cars contain corn that was originally from CCC inventory, and have been sold at other points and moved to this market.

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CHICAGO, 4 April 14, 1961

When the President makes his appeal to the Congress for a new farm program, it is expected that wheat will be eliminated from his calculations. The obvious reason is that while acreage has been cut drastically from the peak,and is only twice as much as the amount of land sown to beans, we are still amassing big surpluses. The April winter wheat estimate suggests that production will be third largest of record and 31% above the 1950-59 average. Based on tentative estimates for a spring wheat crop of about 230 million bu, and adding to that a possible carryover of 1.4 billion bu, supplies for the 1961-62 season would be at a new high. Atll this is taking place with the largest exports in history and great attempts to keep shipments at a high level through various government programs. Even with the heavy impoundings that we had this season, free supplies of wheat are probably larger than a year ago, and Chicago May wheat has been losing ground on Kansas City and on new crop wheat futures here in Chicago, with some mills described as having sufficient stocks on hand to last them until the next harvest is available. If there is another long debate on wheat and an ineffective plan to help the situation, it appears likely that a one-year emergency program will be instituted, much the same as for feed grains, cutting the acreage and probably forcing compliance.

The USDA continues to announce additional details on the feed grain price support program, which while not necessarily disturbing to farmers, at least complicates their plans at a time when they are getting ready for intensive spring work. For example, producers of barley, oats, and rye who did not produce corn or grain sorghum in 1959-60, and who do not produce corn or grain sorghum in 1961, will be eligible for price support on these three crops. Producers of corn and grain sorghum who do not participate in the 1961 feed grain program will not be eligible for support on any of the five feed grain crops. Also, some details have been announced with respect to soybeans, which must grade number four or better and contain not more than 14% moisture to be eligible for support. They must also be in adequate storage. In addition they must be grown on farms where 1959-60 average acreage of conserving and idle land has been maintained.

Before our market opened this morning, meal was again very firm and oil was only a few points lower. This was the cue for a higher opening in soybeans, and with very little pressure the market had an easy advance. There was a report that 250,000 bu of rye had cleared from Canada to South Chicago. The Quaker Oats Company told of fair progress in the South for corn planting during the past week, with the crop about finished in Texas. In the main corn belt states, farmers seem to be busy getting their fields in condition for planting of both corn and soybeans. Except for the southern fringe states there will be no planting done for another two weeks at least. That Company now believes that compliance in the corn belt will be higher than many people think. It is not surprising, therefore, that the deferred corn futures are selling at a good premium.

Primary receipts of wheat amounted to 606,000 bu which compared with 484,000 bu last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total decrease of a little over a million bu. When the visible supply is posted on Monday it will compare with a decrease of 998,000 bu last year.

Trade was not as active as on some of the earlier sessions of this week, but beans were never very weak although there was some realizing on bulges, but the market took the selling in pretty good shape. Meal continued strong, but there was weakness in oil, and between these two factors it was difficult for traders to come to very definite conclusions. Flour business was extremely dull; a little replacement business was reported but no real activity. Under the circumstances the May future lost a little further ground on the deferred months. The latter may have received some support from further discussions of mosaic being found around the Manhattan, Kansas, district. It is difficult to say how serious this is, and may depend on the weather from now on. We had it last year, but finally it was not a serious matter. Corn was firm, but trade interests were not aggressive in either direction with the result that we had an uninteresting market. As reported earlier, 250,000 rye was worked to come to Chicago, but thereis probably more headed this way which will probably have to stay in bond as it will be over the import quota.

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CHICAGO, 4 April 17, 1961

The rise in soybean prices is based mainly on the short supply situation created because last October 1st the U.S. crop and carryover represented comparatively smaller amounts of this commodity. Also, utilization has been greater not only insofar as domestic consumption is concerned, but at the same time exports from this country were at a record pace during the first half of the season. Contributing to this foreign demand has been the fact that Communist China reportedly had a crop failure and though accurate information from behind the "Bamboo Curtain" is difficult to obtain, it appears certain that food shortages do exist and along with poor weather the truth of the matter is that the growth in Chinese population is becoming a problem to the entire world. Within twelve to fifteen years that country will number one billion people, which is a frightening statistic because there is not enough arable land in China today to feed its present 650 million inhabitants. This may be hard to realize for Americans who live in a land where agricultural output has increased in recent years at twice the rate of industry in general, and where productivity currently is capable of expanding faster than the rate of population. The few foreign soybean sales by the Chinese government no doubt represent token offerings to a few Communist satellites and might have occurred because some of this commodity was stored at port locations but beyond this the entire agricultural picture there has been bleak. Every nation, including Russia, having a common border with the Chinese, worries over the current drastic food and population problems there and while the conquering of outer space attracts world's headlines, more attention must be given space on earth for those people living in underdeveloped and overcrowded areas who seldom have enough to eat.

Most of the week-end moisture occurred in the Midwest and with unseasonably cold temperatures feed grains were a little higher at the start this morning, but soybean meal in particular did not hold although domestic consumption of this product had been heavy, and the outlook remains the same. In the meantime, further liquidation occurred in oil with supplies more than adequate. The rains and snows are excellent for improving ground conditions, but, of course, will delay spring planting which had been running in some cases ahead of schedule. European crop comments are more optimistic with warmer weather in a number of countries and rains of varying degrees. On the whole, wheat acreage will compare unfavorably with last year, as in some instances plantings are sizeably below last year. The outlook for the wheat crop in the Near East is, on the other hand, better than the past two years when drought greatly reduced output and during that time import needs were much above normal.

From all indications CCC corn offerings continue to be large, with a number of cars of this cereal in Chicago again this morning. Tightness prevails in the Southwest cash wheat market, while the CCC has offered some of this cereal at the Gulf to take care of steady foreign demand. Farmers are strong holders of the small remaining free supplies and mills and merchandisers complain of insufficient stocks at the moment.

During the week wheat stocks in Chicago declined 182,000 bu leaving a total of 4.7 million bu which seems sufficient, particularly as mills express the belief that they hold enough red wheat to last them until new crop is harvested. Corn supplies decreased 139,000 bu despite the influx of CCC corn, but more than 26 million bu remain in this market, of which free supplies seems to be sufficient. Oats decreased 142,000 to 3 1/2 million bu, and rye, including that afloat, decreased slightly, leaving 1.7 million, and there is 1/4 million enroute from Canada. Elevator stocks of beans declineda little over 300,000 bu leaving 14 1/4 million and there are almost bound tobe fair deliveries the first part of May, and no doubt some beans will remain in this terminalfor the balance of the season.

Products combined were weaker than the soybeans though the latter was off the permissible limit for a good deal of the morning with but a few small rallies. Liquidation was general and processors sold old crop months, and in one instance sold May vs. the purchase of July. Despite increased domestic consumption of meal, stocks of this article are large and this product is selling at a value well above last year's level, and in comparison with other feed grains seems high. Corn and oats were little changed, and May wheat continues to lose ground on new crop months. A late report talks of a Chinese offer of soybeans to Japan and London over the week-end.

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CHICAGO, 4 April 18, 1961

The Secretary of Agriculture said yesterday that new farm legislation will be aimed at eventual restoration of freedom to agriculture. It is difficult to determine just what Mr. Freeman means by this except that there certainly is room for improvement as the production and marketing of farm goods are so heavily controlled that the government is by far the dominant factor in almost every phase of this industry. Costs connected with the operation of agriculture have gotten almost out of hand, so that this category is surpassed in our annual budget only by national defense and interest on the debt. At a time when all Americans realize that tremendous expenditures must be made for arms, missiles, space, and other security measures, it seems terribly wasteful to continue programs for agriculture that result in accumulated surplus goods. It is interesting to note that economists are attempting to raise farmer's income by embarking on an investigation of producers' declining share of the retail food dollar, which now averages less than 39¢ compared with 51¢ in 1947. In other words, inflation, including transportation, processing, distribution, and finally, consumer prices, have advanced to the point that at current values the farmer's percentage share has declined about $7 billion a year in the past decade.

Despite weakness in yesterday's soybean market, there is no real change in the over-all picture. Reaction in the products instigated liquidation and it was reported that Spain bought 50,000 tons of soybean oil but for shipment in the next crop year. Yesterday selling was mostly orderly but longs have had a strong constitution, and it is questionable whether they might scare if the market continues weak. Farmers also have liquidated additional supplies, which they are more prone to do while prices are declining. Next week we will have a report of stocks of beans in all positions and processor supplies might be enough larger to fully account for the decline in farm stocks, after taking into account exports, crushings, and a smaller projected carryover. Some old crop export business was reported overnight but evidently only small amounts. Early prices in beans were well under last night's close.

According to The Southwestern Miller, only a small business was done in export wheat and flour overnight but the UAR and Spain are expected to purchase hard wheat for May shipment. Country movement in the Southwest is still practically nil, while the supply situation in the Chicago market remains the same and mills appear satisfied with theamount of wheat on hand for the next couple of months.

There is no change in regard to CCC corn selling. The daily lists are lengthy and though futures have steadied, it remains to be seen whether they can withstand further pressure of this sort. Compliance with the new Feed Program most likely will be about in line with Department of Agriculture Officials' hopes, and at Gilman, Illinois, a number of grain dealers guess that 60 to 75% of the corn growers in that area will join. This is about in line with reports from Iowa and Nebraska.

Primary receipts of wheat totaled 709,000 bu vs. 800,000 last week, and 920,000 a year ago. Kansas City stocks have decreased 185,000 bu so far this week.

The soybean open interest declined 6 million bu during yesterday's liquidating market, but still totals 261 million. Of this 60 million bu represents the May delivery. The number of U.S. beans sold for export overnight amounted to about 15,000 tons, and there has been talk that China sold Japan some soybeans for the first time in a number of years, but evidently the amount was only around 1,000 tons which is hardly worth mentioning. The market recovered substantially after an early decline which carried about 8¢, and the new crop months were firm with a good deal of backspreading reported. Possibly the Cuban situation caused some buying. The products also regained part of yesterday's losses.

Free stocks of wheat in Chicago are 4.7 million bu following a decrease of 182,000 bu, and corn decreased slightly leaving just under 13 million in this market. The cash corn basis was improved so that a healthy demand exists for government offerings, and short covering occurred, particularly in new crop months which are not too far from a full carrying charge and some of this strength in December represents the implications of a large compliance in the Feed Grain Program. Old crop rye registered season's lows.

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[illegible] April [illegible]

[illegible]

[illegible] Kansas City [illegible]

[illegible] 6 million [illegible]

[illegible]

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CHICAGO, 4 April 19, 1961

Weekly shipments of soybeans were published after the close of the market yesterday and amounted to 1.8 million bu. This was a slight decrease from last year but the total for the season is still running about 9 million bu heavier. It has generally been felt that the price level of beans would have to be sufficiently high to bring available supplies and demand into adjustment because obviously we could not continue these shipments for the balance of the season at the same pace at which we started. Also, there will have to be some reduction in crushings and to bring all this about is, of course, the price factor, which is a better regulator than any artificial stimulus. The big argument, of course, has been what price was necessary to cause curtailments both in foreign shipments and in domestic usage, and for that reason our markets have been very erratic. The fact that yesterday's heavy liquidation was so well absorbed and that prices reacted sharply gave encouragement to some traders, particularly those who held the view that the demand for meal would remain heavy for the balance of the season, owing to the fact that this supplement was an economic ingredient and that it might be difficult to cut it down in the admixture of feedstuffs even though the price was high. Whether this is an accurate statement remains to be seen but undoubtedly it was an influence in bringing about yesterday's rally in meal prices and there was a little further strength this morning, at least at the opening. The Spanish Ministry of Commerce has accepted an offer for the importation of soybean oil. It comprises 12,500 metric tons of crude oil at $270 per ton and 37,500 metric tons of refined at $310 per ton, bulk CIF Spanish port, according to an official announcement. This is probably a confirmation of Monday's report.

In spite of the snows that occurred over the week-end, but which were heaviest in the area around the lake, we find, according to the Illinois weekly crop bulletin, that oat seeding is nearly completed in our state except for the Northwest where about 20% remains to be sown. Oats are slow to emerge or grow but apparently have not been hurt up to now. Winter wheat on the other hand is suffering to some extent from continued inclement weather, particularly in the poorly drained fields in the South. In Nebraska farmers are waiting for fields to dry, but in the areas that received the most moisture it is expected it will be at least a week before farm work is resumed. There is some concern about the short time remaining. Small grains, grasses, and legumes have made limited growth due to unseasonably cold weather. The oat planting is about 7 percentage points below average for this time of year, but wheat seems to be in good to excellent condition throughout the state except that there are some complaints of mosaic disease. Damage, however, is expected to be light unless temperatures continue below normal. In Iowa, oat seeding is only 40% finished compared to 70% average. Plowing for the 1961 crops was 55 to 60% completed as of Monday evening, which is about in line with normal conditions.

In Europe beneficial rains have occurred in many European countries and talk is mostly favorable with respect to crops. However, smaller acreages continued to temper optimism. Occasional rains in Italy have helped improve the outlook, while rains in Western Germany have been favorable for both winter and spring crops. Rains in France have been extremely beneficial, especially for barley. Growing winter grains are reported to be three weeks ahead of normal.

Primary receipts of wheat were small at 549,000 bu which was in line with last week and a little less than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 454,000 bu.

Trade outside of soybeans was not particularly heavy, but we think that the unsettled situation in Cuba had something to do with the buying in the various pits. At the same time Illinois River elevator operators were said to be buying new crop soybeans which would net the farmers better than $2.30 or the loan figure. They were also buying new crop corn which figured well over $1.00 to the farmers basis No. 2. Wheat futures were somewhat higher as there was not much pressure, but there is only a small amount of flour business passing. On the other hand, pressure in the Southwest is extremely light and country offerings are at about the lowest point of the season. The fact that oil prices were higher gave some impetus to the bean market, and late reports indicated that the oil business represented a new trade and was old crop. Corn was somewhat higher, and with navigation virtually open there will be some corn moving from Chicago.

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CHICAGO, 4 April 20, 1961

Undoubtedly the Cuban situation has affected markets to a degree the past few sessions, but certainly the results of that revolution would be of little important influence on American grains. With the exception of soybeans and their products, recently a general price weakness has occurred in other Chicago Board of Trade pits, and for explanatory reasons. The government has sold corn at an accelerated rate which it is thought might continue through the summer months and despite the fact that next year's crop might be comparatively smaller, this pressure certainly would be successful in widening carrying charges, even between old and new crop months. The situation in rye is simply one of abundant supplies and an anticipated harvest sufficient to meet requirements so that this grain, too, has declined substantially.

May wheat has fairly portrayed the local picture which is one of small but seemingly adequate stocks of red wheat, and mills in this area of the country appear well supplied until new crop stocks are available. In the Southwest there have been ample amounts of free hard wheat during most of the season, but record exports and meager country offerings go almost unnoticed in our market where commercial interests have been less disposed to the placement of hedges. The point is that free grain supplies generally are large, and shorts evidently become overly confident so that world tensions from time to time result in hurried short-covering and stop-loss buying as was the case yesterday.

As has been mentioned frequently, the outlook for 1962 wheat is mostly good, and the Kansas weekly crop report mentions additional moisture, which improved prospects with only minor bug and mosaic damage in a few sections. The same is true in Oklahoma where soil condition is good and about the only thing needed now is warm weather. The one problem spot appears to be our Northwest where complaints of dryness are more prevalent, and this is true also of the large grain-producing provinces in Canada where subsoil moisture reserves are below normal, which is creating a situation that must be watched because even though it is early for spring planting, timely rains will be needed in order to insure average results. Some relief came overnight but not general.

Evidently farmers are cognizant of the new crop corn and soybean bids and are willing to offer ahead of harvest. Somewhere in the neighborhood of $1.05 is offered on a farm basis which, though below the loan, is quite a bit higher than prices at harvest time last fall, and in some cases might discourage compliance with the Feed Grain Program as on a full acreage basis, net results in many cases figure better than the high loanon a reduced acreage. Farmers are bid more than the $2.30 soybean loan for this commodity which is an incentive for advance selling. Next Monday, USDA will issue a report covering stocks of beans in all positions and the main point of interest will be to see whether processor supplies adequately offset the decline in farm stocks as reported earlier.

The Senate Agriculture Committee has approved the President's request for authority to sell an additional $2 billion worth of surplus farmproducts during the balance of the calendar year. Further extensions of the Surplus Disposal Program are expected on a broad scale in the years ahead. Insofar as soybean oil is concerned, prices have responded to a reported 50,000 ton sale to Spain for shipment during April;May and June, and exporters say that there are almost constant inquiries for this product in small quantities and offerings, too, are available, but the amount of business being done is small. Spain also is reported to have bought 28,000 tons of hard wheat and except for some export flour business and a pending hard wheat sale to Turkey, there was no other business overnight.

Soybeans were erratic and a report was circulated late in the session that Spain might stockpile 200,000 tons of old crop soybean oil, and that the 50,000 tons announced sold yesterday is part of this amount. At the moment we have found no confirmation, and some processors and exporters think that such is not the case, but, of course, markets are sensitive to news. Old crop wheat failed to maintain an early bulge, and new crop months were lower, reacting following yesterday's short covering; some further moisture is forecast for the Southwest. Corn and oats both had a better undertone, and government sales of the yellow cereal have been smaller the past day or two so that hedging pressure is not as heavy as it had been. Soybean shipments through the Suez Canal during February were reported at 1.4 million bu compared with 4.8 million a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 21, 1961

After the close of the market yesterday, the USDA gave its monthly report showing the amount of various grains and commodities under price support activities through March, 1961. It was shown that 516.4 million bu corn had gone into the loan, and this is an enormous quantity, approaching the record level of 550.8 million bu that went under support from the 1948 crop and the 529.4 million bu put under support from the 1959 crop. Ordinarily a figure of this kind would have had a greater impact upon the market, but, of course, with the present government Feed Grain Program of selling out accumulated surpluses, there seems to be a feeling in the trade that federal authorities will keep the price level down and their selling has been instrumental in causing the sharp break we have had during the past month or so. A quantity of 516 million bu may not appear large in comparison with a bumper crop of 4.4 billion bu, but yet it is more than is raised in most other countries of the world and shows what a tremendous influence the artificial program has had in keeping grains off the market.

The amount of wheat under loan was practically the same as for February and the 424 million bu compares with 317.4 million bu last year, but the repayments of loans on the 1961 crop wheat, as well as barley and soybeans, increased substantially during March. Total redemptions of wheat have amounted to nearly 21 million bu, so that actually the net amount under support is reduced to 303 million bu, and is, therefore, not regarded as a very bullish situation. When we consider that there were 25.6 million bu of beans impounded but that 18.6 million had been redeemed, this, too, is evidence of the fact that the net amount under support has been reduced to about 7 million bu.

Altogether more attention was paid to other factors and our market this morning was influenced, insofar as beans were concerned, by higher prices for oil and only moderately lower prices for meal at the time the bean market opened. It seems almost unthinkable that a country like Spain should stockpile vegetable oils on this crop when the premiums are so far above those for the next crop. In other words, if it is only a matter of preparing for the future and where immediate needs are not concerned, even that government would tend to use some discretion in making these advance purchases. This is particularly so at a time when the outlook for the 1961 bean crop appears bright, with soil conditions favorable and a bigger acreage expected to be planted. Despite all these considerations, there are still some people who believewhat they hear, and the report that was circulated yesterday must have had a good deal of influence on part of many operators. Generally speaking, it was not given the usual credence for the reasons we have discussed. However, shorts have been a little on the defensive, and accordingly, we had another erratic market this morning, which happens so frequently when there are uncertainties in the picture. We were told that some soybeans were sold abroad for shipment from some port on the Gulf of St. Lawrence, but from what we can gather the demand for Chicago beans is still anything but active.

Moisture conditions in Canada are below normal but so often in that country the crops depend largely on spring rains and the amount of moisture that is received during June. In any event there is no great worry as to shortages because Canadian stocks of wheat in all positions are close to 750 million bu compared with 680 million average for ten years. The amount of flax in various positions is nearly 16 million vs. 9.5 average. Oats are somewhat smaller than average but barley is almost equal to the 10-year run, while rye is somewhat smaller.

Primary receipts of wheat continued light but were pretty much in line with last week and last year. Kansas City and Minneapolis stocks so far this week show a decrease of 740,000 bu. Next Monday's visible will compare with a shrinkage last year of 3 million bu.

The early rise in beans did not quite hold, and even best prices for oil were not maintained. Possibly some evening up took place in anticipation of the crushing report expected early on Monday. Wheat was without feature, but there was a little realizing on the advance. Crop prospects remain generally good. There was a fair amount of selling in corn, but the spot market stayed firm and it is thought that about 3 million bu will be moved from Chicago gradually. On the other hand this will still leave about 10 million free corn in our market. Some export business was reported including a cargo of old crop soybeans to Denmark and more to other destinations.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX

CHICAGO, 4

April 24, 1961

We are learning to live in a world of unusual tension, and at this particular moment the international political scene is about at its boiling point. It is almost a phenomenon that we go calmly about our daily business at a time when one of our neighboring countries, led by a fanatic, crushes a revolt for independence and lines up dissenters for the purpose of mass firing squad murder. The Russians talk of a cease-fire in Laos while proceeding to rush planes and arms to try and grab off as much territory as possible while employing delaying tactics at the Council tables. The French are threatened with invasion by Algerian rebels, and during all this Communist propaganda effectively manages to lay the blame squarely on the U.S. Evidence that the world is taken in by this tactic is proven by the fact that American embassies throughout the world and even as close as Mexico and Latin America are still wet from ink and scarred from stones hurled in protest by those who know little of freedom and democracy because we have presented inconclusive evidence of the greatness of our way of life. We are a country in which the people are supreme, and the important difference between democracy and Communism is that under the former intelligence and judgment rule while under the latter ignorance and unintelligence exercise the power. All energies must be directed at eliminating misunderstanding which is the only real foe of freedom and has been the basis of our failures.

Before our market opened the Census Bureau released its crushing figures for the month of March which totaled 34.8 million, only slightly above the same month a year ago and about in line with February which has now been revised upward. Processors' stocks of beans amount to 97 million bu which is more than 32 million bu in excess of supplies during the same month last season, and will be an important statistic in this afternoon's USDA report of soybeans in all positions. Meal supplies are greater than a month ago while amounts of crude oil are slightly less. There is little that can be said about this report until, as we say, this afternoon's figures become known.

The Department of Agriculture has announced it will sell limited quantities of government-owned corn for use in making industrial alcohol so as to lessen dependence on imported molasses for this purpose. Total CCC sales of corn since the start of the season both for domestic and export usage have amounted to 140 million bu versus about 62 million by the middle of April in 1960.

A good deal of moisture occurred over various sections of the grain belt throughout the weekend, and in the Midwest though this will aid ground conditions it will at the same time delay farmers from fieldwork, but up to this time oat seedings and ground preparation for corn planting are about on schedule. Broomhall indicates that further improvement occurred in the over-all European crop situation last week with beneficial rains evidently quite general. There is little new in our Southwest as the country movement of wheat remains slow and foreign hard wheat business is being done almost daily. It was reported that Japan bought some small amounts of soybeans presumably for old crop.

During the week wheat stocks in Chicago decreased 167,000 bu leaving a total still of over 4 1/2 million bu. It is becoming more apparent that mills are satisfactorily supplied and the May contract lost considerable ground on new crop months this morning, which is a continuation of the recent trend. Corn decreased 232,000 bu to a total of 26.1 million while oats, including those afloat, decreased slightly but there are still 3.4 million bu in this market. Rye supplies increased reflecting shipments from Canada, and there are now 1.9 million bu in Chicago, and beans decreased only a little more than 200,000 bu so that Chicago stocks still amount to more than 14 million bu. For this reason carrying charges in old crop months have tended to widen and could continue to do so as most certainly there will be deliveries the first of May. This is true for almost all grains as tenders can be expected rather generally.

Despite practically no help from the products, soybeans were firm all morning. However, best prices did not hold and there was some nervousness displayed in anticipation of this afternoon's report. The carryover and crop at the start of the season totaled 582 million bu, and deducting the crush and export, April 1st stocks in all positions theoretically would be 280 million bu. This and the figure of 309 million bu April 1, 1960 can be used for comparative purposes. Both corn and oats were strong reflecting the possibility of smaller crops.

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CHICAGO, 4 April 25, 1961

After the close of the market yesterday, USDA reported on supplies of grains in all positions, and they showed a record quantity of corn, wheat, and sorghum grain stocks. It was the third year in a row that records were established for wheat, and the corn stored in all positions on April 1st reached a new high of 3,649 million bu, which was 286 million bu more than the previous high in April of 1960. Rye stocks of 20.1 million bu in all positions were up 44% from the near-average level of a year ago. Disappearance during the January-March quarter was a relatively low 5.5 million bu. However, about four-tenths of the rye stocks were government-owned or under price support. The big surprise came in the amount of soybean stocks, which totaled only 264 million bu compared with 308 million bu last year. This was a reduction of 14% but was still the third highest of record for that date. The reduction from last year was due partly to the sharply lower farm stocks as the total off-farm stocks were 15% above a year earlier.

It could be that farmers in reporting the amount held on farms had taken out those quantities or part of the quantities which they intend to seed. But this is not necessarily true because they have had previous experience in reporting and are supposed to give the total amounts they have on hand. It might also be that the crop was overestimated because if we deduct total crushings and total exports from total supplies on hand last October, we could not arrive at as low a figure as the government gave us last night. There is another possibility: namely, that some soybeans are fed but this is generally a low amount and would hardly reconcile the difference of 16 million bu, between the figure that had been expected and the one that was actually given. Of course, there are generally some new crop beans crushed prior to October 1st and there is always some loss, but in any event it is very difficult for us to accept the government figures at this time at their full face value. Nevertheless, old crop beans were pushed up to the 10¢ permissible limit early and altogether the report was accepted as a very bullish document.

Generally speaking, the government has better means of accumulating statistical data than anyone else. They have plenty of help and their sources of information are regarded as more accurate than private estimates. We have today about 11.1 million persons working for local, state, and federal government against only 5.7 million people engaged in farming. Even if we properly exclude from these figures the Armed Forces and the teachers in public schools, thefigure is about the same; in other words, 5.6 million federal employees against 5.7 million engaged in farming, which means that actually it takes about as many people to govern us as it does to produce our food and fiber.

Holland purchased overnight 200,000 bu of old crop U.S. soybeans. Japan bought 260,000 bu red Chinese soybeans for May shipment, and Brazil is offering 375,000 bu soybeans in the world market for May shipment.

Wet weather was again reported over the corn belt and while this is wonderful for germination of the crop, it will delay seeding of corn and soybeans. Springfield, Illinois, had about 2 1/2 inches of rain last night and Bloomington had 1/2 inch; around Chicago there was nearly one inch.

Statistics were of no particular importance today. The main feature, of course, was the great strength in beans and except for brief periods, May, July and September futures of that commodity sold up the full permissible 10¢, which in turn affected November although they will be influenced by the prospects of the new crop and a big acreage. At the moment warmer temperatures are wanted generally, and possibly the rains which are forecast for the Central States will be followed by better weather. Regarding acreage reduction in corn, it now looks as though compliance would be on a heavy scale, but some of the offices in Illinois handling government work say that they have been too busy to give out much information but will do so shortly.

Bakery flour business was very slow and May wheat keeps losing ground on the later months. July and September are still being influenced by the fine crop prospects, and up to now mosaic disease and other damage has been extremely small. When we consider that there is only 303 million bu of wheat net in the loan after allowing for redemptions and adding the free wheat that was carried over from the previous crops, we have probably a larger figure than the total of domestic consumption and exports from commercial channels. In these calculations it is probably safe to say that about a third of the exports will come out of government stocks.

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CHICAGO, 4 April 26, 1961

If the supply situation in soybeans is as tight as the USDA stock report indicates, then there should develop an increased demand for the beans stored in Chicago. There are still 14 million bu in local elevators, not including amounts held by processors in this market, and the rate of decline during April has been about 400,000 bu per week. At the moment, May beans are at a partial carrying charge basis under the July, and it would seem possible that if processors and exporters are worried about obtaining adequate supplies for the balance of the season, tenders on the May contract, if any, would be readily taken, thus narrowing the old crop spread. Country advices offer the explanation that seed requirements were segregated and not included by many farmers in the farm stock information given the government reporters.

Weekly inspections of this commodity totaled 1,850,000 bu, which is in line with a week ago and slightly less than the 2 million bu shipped during the same week of 1960. Total clearances since the start of the season amount to 90 1/2 million bu, which is 9 million ahead of the previous season. It is true that prices for old crop beans were higher at the start this morning, as a number of shorts were unable to make purchases yesterday because the daily limit was reached very early in the morning, but a number of longs withheld offerings yesterday, mindful of the possibility of a higher price this morning, and were willing sellers, so that early gains did not immediately hold.

Grains generally were erratic at the start and a commission house and hedgers sold a large quantity of corn, resulting in lower quotations for this cereal. The outlook for corn is clouded, not so much because of the degree of compliance, but instead by the government selling policy. The recent improvement in prices is probably because some people believe the CCC selling has been solely for the purpose of encouraging farmers to enter the Feed Grain Program. Much of the grain that had been sold has been of poor quality, and after corn planting is completed, pressure might ease, or possibly even stop, in order to permit prices to rise to a level whereby farmers will withdraw corn from the support. It is further thought that during harvest CCC will again offer large amounts of this cereal to keep competitive prices sufficiently low, thus placing noncompliers in a disadvantageous position. In other words, the price level of corn this summer will be largely dependent on government policy.

Despite the recent heavy rainfall over much of the large producing grain areas about 90 to 95% of the oat seeding has been completed from Nebraska to Illinois. In Kansas, early corn planting has begun and except for a few reports of mosaic in the eastern portion of the state wheat progress is rather good.

A report from Communist China talks of flood threats caused by terrifically heavy rains, and there is some concern for the rice crops in eastern sections, and hundreds of thousands of Commune members have been called upon to battle this condition. The truth of the matter is that in that country, despite the elements, whether good or bad, the forced Communal farming system, along with antiquated techniques, has meant that food production has fallen way behind the bursting population increase, and certainly should be an even greater incentive for us in our country to appreciate the free and competitive system.

Grains were generally lower showing the effects of adequate stocks in this market, and tenders could be rather heavy when announced Friday. Both rye and wheat declined and new crop months of the latter cereal will be influenced by early hedging pressure which normally mounts as we approach harvesting. About the only export business announced overnight was some wheat sold from the Pacific Coast as well as a small amount of red wheat sold to Morocco. There is advance business pending and in the Southwest country and elevator offerings remain small.

Soybeans were erratic, but finally prices were under last night's close and the products, too, were subjected to profit taking which is a normal circumstance as they had gained considerably yesterday on the beans, and world oil supplies seem ample for the present. As a matter of fact a new P.L. 480 authorization is expected with Spain but no soybean oil is included. CCC corn offerings keep up and there was liquidation in this market, and some of the selling appeared to be in the form of hedging. Oats also were influenced by general liquidation.

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CHICAGO, 4 April 27, 1961

The government is still pondering on a wheat program for 1962, inasmuch as it was too late to do anything on basis of this year's crop. It now looks as though the total acreage that will be sown this season to winter and spring wheat will be a little over 56 million, which would be up, roughly, 1% from a year earlier. On July 1st, we shall be faced with a carryover that will be about 10% larger than a year ago and further increases appear likely by July 1, 1962. Chances are that our domestic disappearance will not amount to more than 610 million bu, but our exports will be a little larger than this figure, at 620 million. This, of course, is a record for all-time but, despite the big clearances we are still adding to the burden at home. We have been accumulating wheat now for many years, and on basis of estimated supply and disappearance, our reserves two months hence will be a record of about 1,455 million bu or, roughly 140 million more than the record of last July. If we look back, we find that just ten year's ago the supply of wheat in this country was 1,420 million bu, whereas at the present time, a decade later, it will amount to 2,789 million bu, figuring on production of 1,327 million bu next summer and approximate imports of 7 million bu. Thus we have doubled the supply situation during that period. There are quite a few people who are figuring on buying new crop wheat futures because of expected legislation, but we call attention to the fact that prices of winter wheat usually start to adjust downward to new crop conditions in mid-May and reach their lows either in late June or early July. Prices of spring wheat often reach their lows later because of the fact that harvest comes a few months after.

Before our market opened this morning, there was not much to guide it. We had a late report yesterday that a new agreement with Spain was being negotiated under P.L. 480 and it will probably be signed within the next week or two. The quantities of various products involved will be somewhat less than the last agreement with that country, which had been for $69 million. It seems that the improving economic situation in Spain accounts for the lower amount of surpluses that will be shipped there. Under the new agreement we will let them have wheat, cotton, and a small amount of feed grains, but no soybean oil is expected to be included, since the Spanish government probably will continue to buy soybean oil with dollars when it feels that the price is right. There was not much change in the quotations for meal and soybean oil before the bean market opened this morning, but the carryover feeling in beans was a little bearish, and some selling orders appeared, which gave us weaker markets. We still cling to the theory that the inventory supply of beans is somewhat larger than the last government compilation disclosed, but it will be some time yet before this will be definitely proved, if at all. In our opinion only an overestimate of the crop could have given us the figure of 264 million bu of soybeans in all positions as of April 1st.

Coming back for a moment to wheat, we might point out that while present prospects are for another good crop next summer, the outlook is not quite as favorable as it was at this time last year. We should also quote USDA that winter wheat outside of North America accounts for about 90% of the world production, and, therefore, prospects in other parts of the world will also have an important bearing on how much we shall ship in the season ahead.

Not much attention was paid to the statistics today but May wheat was a little stronger on hedge lifting. The Southwestern Miller claimed that flour demand continued draggy so there was no inspiration from that source. At one time markets were quite firm and beans rallied quite sharply from the low point. It seems that our President has called Congressional leaders of both parties to the White House for discussion on Laos. That situation has deteriorated and apparently the Chinese will not consider a cease fire order until and unless we get out. In any case it was disclosed that today's meetings were not of an emergency nature, but political events generally have a somewhat bullish impact on the market. New crop wheat futures were rather indifferent but without pressure the market remained firm. There was some widening of the carrying charge in corn between July and December. While there has been some improvement lately, we think that a wider tendency will continue.

Field work was reported about half finished in Missouri or maybe a little less while spring field work made rapid progress in Iowa during the past week. Oat seeding in Iowa is 70% completed which is about the same as last year but less than the average of 86%.

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CHICAGO MERCANTILE EX.

April 28, 1961

Even with a population increase of about 3 million people per year, American food supplies are available in abundance. Along with greater economic activity, consumer incomes are moving higher and the outlook for farm income and production prices in 1961 has grown more favorable. Of course, there is a direct correlation between higher food prices and higher farm income, but various intermediary costs from time to time distort this relationship. At the present time producers can expect to benefit from increased price supports for crops and dairy products. During the current fiscal year agricultural exports are likely to total well above the $4 1/2 billion of 1959-60, which fact grain traders should be well aware of in view of the record shipments of wheat and cotton as well as a much greater dollar return for soybeans. This trend probably will be maintained during the balance of the calendar year.

The Quaker Oats Crop Summary mentions a general need for additional precipitation over much of Texas, but in the main winter wheat belt crop progress is quite good and the condition of wheat is well above average. It might be interesting to mention in view of the fact that freezing temperatures are forecast for Kansas tonight that on six previous occasions since 1900 below freezing readings were recorded at Colby, Kansas, between May 14th and 21st, but yields for those years amounted to anywhere from 22.7 to 38.7 bu per acre with the average close to around 30. Therefore, there does not seem to be much of a worry in this regard. Even though wet ground conditions have brought plowing and field preparation almost to a standstill in the corn belt during the past 10 days or so, field work is about normal for this date and well ahead of last year. Prospects for oats are above average over much of the entire southern states while in the main oat belt planting is nearing completion and the crop, according to this private report, is off to a better than average start. There is still a need for rain in our Northwest, and surface and sub-soil reserves are short in much of Montana.

There was no special news to influence commodities at the opening this morning, but a lower oil and meal market brought selling into the beans but the latter rallied rather sharply soon after the opening bell probably because shorts are a bit nervous over the Laotian crisis. The Communists have shown bad faith again and for weeks have attempted to stall cease fire negotiations which finally were agreed upon between Russia and Great Britain. However, the rebel invaders ignore truce terms and are attempting to overrun pro-Western government forces. We suppose that foreign news will continue to influence our markets, but it seems that each additional event has less effect as in some respects we are becoming accustomed to living in a world of constant tension, but it cannot be denied that markets are somewhat more erratic due to these various situations.

There were tenders in just about every Board of Trade commodity as of noon. However, chances are this afternoon even larger deliveries might be announced for the simple reason that most houses normally wait as late as possible. Nevertheless, 1.8 million bu of corn was tendered and 1.6 million bu of beans, and in the latter instance probably more will be circulated as Chicago stocks total around 14 million bu, and currently the demand for this commodity in our market is not particularly good. 72 contracts of oil will be delivered Monday and somewhat of a surprise is the fact that 349 lots of meal were put through the Clearing House, which caused the May to lose ground on deferred months. The products together had difficulty holding rallies, particularly as the beans strengthened early in the morning, but they, too, reacted as a good deal of evening occurred prior to the weekend. As of June 30th, soybean exports for the fiscal year are apt to total 133 million bu, about 10% above last year, despite good deal higher prices. Exports of fats and oils in the 1960-61 fiscal year are expected to drop about 5 to 10% below last year's total of 4.3 billion lbs as shipments under P. L. 480 have declined.

Trade in other pits was relatively light and there was little export business announced overnight. There is little incentive to buy wheat but on the other hand there probably is not too much more room for the time being on the short side for this grain. Deferred months of corn gained on the nearby due in part to deliveries, but there was a good deal of changing of hedges between May and July at 4 1/4¢. CCC sales continue but a good deal of binsite corn has now been placed into commercial channels. Rye improved somewhat but supplies appear adequate.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 1, 1961

Probably never before in history has our agricultural system been so efficient, and in reality it is the world's oldest and greatest industry, which has been able not only to take care of a constant increase in population, but we have been able also to send more products into foreign commerce than any other nation in the world. Today, we have a fleet of 15 million tractors, trucks, cars, and combines, plus many millions of electric motors on less than 4 million farms. A recent estimate listed the mechanical power equipment of our farms at 115.6 million horsepower, all factories at 28.2 million horsepower, and all railroads at 88.7 million horsepower.

Oxes, horses, and mules have gradually left the farms, so that now we have more speed, more power, more versatility by the manpower on farms, having set free so much of it that for decades to come less will be needed to feed even a future and rapid growth in population. The value of the equipment of our farms, including machinery and motor vehicles, has increased in the past twenty years from 3 to 18 billion current dollars, but in terms of work capacity and actual performance it has been immeasurably more. Our markets could have kept pace with this great growth in agriculture if it had been left more to its own devices, and every producer knows that he cannot get as much for his products when they are grown in such great abundance than would be the case when we have short crops. Thus people who have attempted to help the farmer have in many cases hurt him, and in some instances we have those in Washington and elsewhere who are yearning to wield just enough power to prescribe from some office desk the recipe for the social medicine that very seldom seems to work well. There is a trend in telling farmers and their suppliers what to do and telling the consumers what not to spend their money for. In view of the fact that we have outproduced the Soviets many times over and have not borrowed any of their agricultural methods, we should not try to borrow from them a compulsory production control system which has not even been successful in that country. After forty years of a brutal experiment of collectivization, Soviet Russia produces, with 4 1/2 times the number of farm workers, only one-third as much meat as we do and even of grain most of it is fed to their people rather than to livestock. Not only has our mechanization proved fruitful but the production per plant and per acre of crops and per animal unit has gone forward so well that we are the envy of the whole world. Among the nutrients that we have found valuable, probably the most important has been nitrogen, since plants fed with more and more nitrogen have rapidly increased their yields. It has been shown by experience that one ton of nitrogen produces 15 to 20 tons of grain equivalent.

Before our market opened, there was not too much to guide it. Weather is cold for this time of the year and there was a fair amount of moisture in parts of the Southwest. Country marketings in that section were a trifle larger but the selling came mainly from interior elevator poeple who were long, and selling from first hands continued light. The international situation was still tense but there seems great doubt whether any American troops will be sent to Laos for active fighting. Meanwhile, last-minute efforts are still being made to effect a "cease fire." During the week Commodity sales of corn were heavy. and in the domestic market amounted to more than 10 million bu with 3 million going for export. Total quantities are more than twice as great as last year for the same period.

Chicago stocks of wheat declined 386,000 bu during the week but there is still 4.2 million bu here on May 1st, which is a fair amount for this date. The bean stocks went down very little, only 86,000 bu, leaving 14 million bu here. Corn showed a heavier decrease of 1.2 million bu with 24.8 million bu in Chicago.

Markets were all somewhat influenced by the international news and the tensions over Laos. However, best prices for beans were not maintained. Also wheat sold off from the high point but closed a shade higher. The Santa Fe crop report spoke of a widely varied difference for winter wheat with moisture supplies adequate to excessive east and south of a line drawn from east central New Mexico to southwestern Oklahoma, then across Oklahoma and Kansas in a generally northerly direction. West and north of this line surface moisture is getting short in some areas. Corn was firm despite government selling. The general feeling is that the participation in the government program to cut acreage has gone over well, and this could give us a much smaller crop of corn next summer. Pakistan bought 2 1/2 cargoes of hard wheat via the Gulf and may have bought heavier quantities which were not confirmed. All tenders were light.

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CHICAGO, 4 May 2, 1961

We have been warned regarding the changing world political climate and instead of cold war strategy, the Communists have turned to a series of small hot wars. Perhaps these have been intended to coincide with the new administration, probably to test our government, but we would think from observations that the Washington philosophy is still the same but instead of playing a defensive role, our government might try to anticipate, prepare and actually arm friendly countries in lieu of expected aggressions or revolutions. This would involve gigantic expenditures in order to finance these projects and in order to avoid even larger budget deficits, domestic sacrifices should be made. Of course, if smaller funds were available for agriculture, we would hardly categorize that as a sacrifice because, if properly programmed, a free farm economy could result in greater benefits to producers and certainly at less cost.

We have seen over the years that taxpayers are assessed to a greater extent whenever an emergency arises. For example, price supports were originally begun to combat a depression and were then raised during the war. They were later maintained to help expand production at a time when other countries were rehabilitating and unfortunately were not eliminated when surpluses were accumulated. When we priced ourselves out of foreign markets, subsidies were employed and acreage restrictions were tried and now, when there is some hope for a new approach being inaugurated, legislators seem content to expand present statutes as the farm income situation has suddenly improved. As a matter of fact, it is thought that their income might rise 10% or so this year to around $13.8 billion. Price supports and subsidies not only have resulted in more farm income but will at the same time cost the government an additional $1/2 billion over and above the tremendous amounts annually needed to support,store and merchandise this nation's surplus production.

The low temperature readings are abnormal for this time of the year, but somewhat of a warming trend is looked for, and, with clear skies, planting of corn and soybeans are at least beginning ahead of schedule. In the case of beans in particular, growers will rush to seed this crop in hopes of benefiting from premiums presently being reflected by old crop shipment, and even the September contract in Chicago is well over November so that any beans available by that date, which has been the case in past years, would be worth a premium. At the moment cold weather will prevent many farmers from planting beans as they feel that ground conditions are not beneficial until warmer air arrives. There were smaller tenders of this commodity on the May contract yesterday afternoon, and for this reason the nearby month gained on the July (in early trading) and there are some who think this might continue as Chicago beans will be needed before the end of the crop year. However, at present demand is light and weekly shipments make us think that much of whatever surplus is finally available might be in our market. Israel purchased 750,000 bu for May shipment and it could be that buying attributed to an export house was against this foreign sale.

The visible supply of wheat decreased 4.4 million bu during the week but there are 32 1/2 million bu more in this category than a year ago. As far as beans are concerned, the visible supply decreased 2 million and 14.7 million more is available than a year ago. Some time today we can expect the weekly export figure on soybeans which will compare with 1.6 million for the same week in 1960, and it might be that they will be somewhat higher. However, it should be mentioned that for the next three weeks combined shipments will compare with 10 million bu for the same period a year ago, and they continued to average between 2 1/2 and 3 million bu during the months of May, June and July. Except for the strength in May, our market was never very far from the previous night's close until a buying spurt rallied beans and products late in the day. Some bean exports via the lakes were discussed.

Chicago free stocks of wheat decreased 386,000 bu last week leaving 4.2 million while free supplies of corn decreased a million bushels leaving 12 million, and in both cases these amounts may prove ample at least for the time being. The fact that corn supplies undoubtedly will shrink in 1961-62 for the first time in a decade due to the large percentage of compliance has influenced recent strength in futures, but noticeably carrying charges have widened reflecting the continuing selling policy by CCC.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

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CHICAGO, 4 May 3, 1961

Our concept of free private enterprise is under attack from many sources. Russia often boasts that they will overtake us in commerce and business before many years pass. While their achievements have been great in some fields, they are still far behind us in production and in living standards. How many people, for example, realize that we as Americans spend more money each year to buy and operate automobiles than the total national income of Canada and Mexico combined. We hear it often said that our farming is a depressed industry, but this, too, is only a half-truth. Of the 4 million farms in the U. S. roughly 2 million fullfledged commercial units produce some 93% of the marketed product, and their business by almost any standard is relatively satisfactory especially if we look at the regular and substantial gain accruing in their equity. These more prosperous farms are one of the greatest assets this nation has and its technology is the greatest asset of the West.

Unfortunately serious problems develop among certain groups of the remaining 2 million small, so-called low-income farms, many of which are not economically constituted. However, no one suggests even at this time their abandonment. It is, nevertheless, a serious error to lump the 2 million heterogeneous units as suffering alike from too-small incomes. A large part of these are retirement and part-time farms, which offer a most desirable form of rural existence for people who have a security insured by pensions, tax benefits, and a flow of part-time work income. The number of this type of farm will grow in the future. They do not constitute either a social or an economic problem even though many people who dwell on these smaller units have to work in nearby towns to supplement their income. It should be left only to those people themselves to make the decision either to move, to change to other occupations, or to undertake better farming practices. It should not be overlooked that while farm operators had a net income of $11. 8 billion from farming last year, the total farm population earned an additional $8. 5 billion net income from farm work off the farm and from non-agricultural sources. Our great farm problem as we see it is that support prices have for a long period of years been deliberately set above the equilibrium level at which demand would equal supply and since the government has made an open-end commitment to buy all that the market could not absorb, the farmer responded generously to the incentive. All this has brought about the huge accumulations, but by the same token it put the price signals out of commission, so that more and more artificial stimuli were invoked.

It seems that Canada has agreed to sell $360 million worth of grain to Red China by 1964. The fact that we have usurped so many of the markets formerly held by Canada and Australia has virtually forced them into that position. This is probably the largest sale of grain ever made of a commercial character. Last January there were about 28 million bu wheat and 12 million bu barley sold to the Chinese. Those shipments will be completed sometime around the middle to the end of August. China obviously can only take grain from the West Coast, in spite of numerous rumors to the contrary; thus the shipments are somewhat limited. Those West-Coast ports in Canada under ideal conditions probably can move 13 or 14 million bu per month on the average, but, of course, there are other consumers, such as Japan, which is taking about 4 million bu monthly. There was considerable comment yesterday mostly after the close of the market that Toledo had sold beans both to exporters and to domestic processors. This plus the weekly shipments of 2. 3 million bu had a somewhat bullish influence on the market at the opening. Total exports are about 9. 7 million greater than last season.

Statistics were unimportant, but the crop news was generally favorable and in Illinois oat seeding is virtually completed. Winter wheat condition is improving in most localities and field preparation is still way ahead of a year ago, but only slightly better than average. The news from Laos was more reassuring. The Pro-Communist rebels said that they had ceased military action today and had called for a front lines truce meeting with Pro-Western forces. Selling of beans was quite heavy at times. The market reacted after an early show of strength. Our wheat was influenced by the sharp break at Kansas City where the May future declined. Corn was lower and altogether longs were on the defensive. More than 90% of the Iowa oat acreage had been sown by Monday evening. Corn planting was confined to a few isolated spots, but 70% of the total plowing for 1961 had been completed. Soybean meal and oil were weak also.

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CHICAGO, 4

May 4, 1961

We live in an age of automation and no country in the world can challenge the lead held by the U. S. in this field. As a matter of fact, much of our greatness is attributable to the fact that manpower has been released from many of the essentials so that it is available for research and development of new ideas and designs. The relationship between technical change and unemployment has been the center of controversy but the truth is that manpower demand is unlimited and between 1947 and 1959, while 10% more citizens were employed in this country, there was a 5% drop in the number of work hours and a 53% increase in private output. In few areas is there more evidence of this than in agriculture, which with modern machines and tools has been able to expand production tremendously. There were 3.7 million American farms in 1959 vs. 6.4 million in 1925, and, of course, as the population expands they require more food, while at the same time urbanizing large sections of what previously had been farm land. While one grower can produce enough food for 25 people in the U. S., in Russia about one-fourth of the population must work the land because that country trails considerably in automation and cannot begin to match U. S. output.

In our country by 1960 installations of automatic equipment were valued at more than $6 billion, up 75% in six years. The sum effect has been and will continue to be a constant turnover in the demand for jobs even within various companies. In the last decade the need for laborers has barely risen, while professional and technical skills are used to a greater degree than ever. In the automobile industry, for example, employment has dropped in comparison with output because of labor-saving devices. The time, money, and effort that goes into these devices, plus new fields, such as missiles and space exploration, have more than taken up the slack. The problem is one of adjustment and specific emphasis is placed on skilled training. One company in particular, engaged solely in the manufacture of missiles, employs 7,500 engineers and 150 mathematicians, whereas fourteen years ago they did not have a single person classified in that category.

Some beneficial rains were received in the Southwest, particularly in the western parts of Kansas, from which point complaints had emanated. Oklahoma is still in need of precipitation, as is the northwest area of our country, but the forecast is more encouraging for the next 24 hours. A private letter from England mentions that weather conditions in that country and Western Europe are ideal, with recent moisture general, along with warmer temperatures. In France, crops are three weeks ahead of normal, but it must be remembered that acreage sown to wheat was smaller than a year ago. According to the Canadian crop report, rain is needed on stubble land in the Prairie Provinces and warmer temperatures, too, would be welcome. Seeding is expected to be well underway in most places by the 10th of May, but from all we have heard so far, timely rainfall will be necessary throughout the season as subsoil deficiencies are in evidence in many areas.

Official exports through March, as given by the Census Bureau, plus April inspections, show that soybean clearances up-to-date are about 10.4 million ahead of the previous season, which is a slight adjustment increase. Nevertheless, our market was weak at the start, as traders realize that exports must pick up in the weeks ahead in order to compare favorably with last year, and this is not fully expected.

A private estimate of winter wheat showed that as of May 1st, production is estimated at 1,087 million bu, a 12 million bu reduction from the government statistic issued one month earlier. This brought some selling into the wheat pit as some traders felt that a smaller bushel-figure might have been given in view of the fact that some areas had reported dryness. Old crop wheat also declined with Chicago stocks of red wheat still in this market and mills evidently are well supplied. Since the start of the season, Broomhall reports U. S. wheat and flour exports at 540 million bu vs. 401 million bu a year ago. Corn shipments since October 1st are 30 million ahead of the previous season.

Soybeans were weak all morning and old crop months were limit sellers for quite a while before recovering somewhat and new crop months also declined sharply. Liquidation was of a general nature and products, too, were under considerable pressure.

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CHICAGO, 4

May 5, 1961

Our market this morning was influenced by a number of factors. Heavy tenders against the May contract of wheat gave us a much lower opening, and the May future sold at a new season's low. Corn was also somewhat lower but beans opened higher in sympathy with a higher meal market. Four minutes after our market opened, the Redstone Rocket carrying America's first spaceman, Alan B. Shepard, Jr., blasted off from Cape Canaveral. Everything had been carefully planned. The Astronaut was in fine physical condition and 19 minutes after takeoff a successful landing was made after the flight had reached an altitude of about 115 miles. It was the first time an American had gone into space, and it was the first time in history that anybody of any nationality had brief control of the motions of a spacecraft. Ships, planes, and helicopters raced to the scene of the landing and the National Aeronautics and Space Administration jubilantly pronounced the flight a success.

Back on earth, there seems to be a realization that with the large premium existing for July beans over September, even a moderately small carryover may prove enough to warrant the present high price that the old crop is selling over new. On the other hand, one must be prepared after a breakof nearly 30¢ per bu from the high point to see some improvement in both exports and in grindings, and with that in mind we expect an erratic market to continue.

There was a good deal of rain reported in the Southwest, the heaviest amounts occurring over Kansas, but there was also more than 1 1/2 inches at Enid, Oklahoma, and some of the dry areas have now been relieved. We have been told for some time that one additional rain in Texas would probably make the crop there but farther to the north where wheat is beginning to head, it will make a big difference whether there is moisture in the ground, so that the berry can fill well and thus give us better yields. According to the Quaker Oats report, corn is practically all planted in the southern states and even a goodly portion northward to the Ohio, River. However, higher temperatures are urgently needed to insure satisfactory germination. The seeding has become active this week as far north as central Illinois and Indiana, extending westward across southern Iowa and southern Nebraska. The real dry weather of the past ten days throughout the north central states has made for a very rapid field preparation, which was already well advanced. That authority predicts that by the end of this week, a good 90% of the plowing for both corn and soybeans will be completed, and the planting of soybeans will follow right behind corn.

Late yesterday, Secretary Freeman announced a further "food for peace" agreement with Brazil. About 37 million bu of wheat is involved and will be made available to that country under P. L. 480, payment to be in cruzeiros. When this writer visited Brazil a few weeks ago, the cruzeiros had declined to about 265 to the dollar compared with 27 to the dollar on a previous visit there in 1949. The initial negotiations for the agreement began early in February, and our good intentions go as a pledge toward developing nations of the world that we stand ready to back in their drive for economic strength in a troubled world.

Primary receipts of wheat were 765,000 bu which compared with 681,000 bu last week and 687,000 bu last year. Kansas City stocks so far this week decreased 282,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of 3.8 million bu.

Denmark was said to have purchased 466,000 bu of U.S. soybeans for May shipment. Later on it developed that these beans were in eastern destination, and would probably not affect the stock supply at either Chicago or Toledo. The bean market, after an early bulge, was followed by a sinking spell and old crop months lost further on the September and November deliveries. While we may have a small carryover supply on October 1st, there are almost bound to be some new beans here during September and some cognizance is being taken of this factor. Yugoslavia bought 1/2 cargo of wheat via the Atlantic and the Continent bought some parcels of soybeans for both old and new crop. The U.K. took some parcels of corn. Otherwise commercial trade was small and there was no pick-up of consequence in the flour business. We shall probably have some moisture over the corn belt tonight or Saturday, but not much attention was paid to this *possibility*. Trade in corn was quiet with no special feature, but the cash basis was a *shade* easier. Meal and oil were influenced to some *extent by the fluctuations in* beans.

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CHICAGO, 4 May 8, 1961

Before the opening of the soybean oil market this morning, the Census ureau revised its figures making a correction on the amount of refined soybean oil n factory and warehouse stocks at the end of March. The new report showed that here were 202.2 million lbs in those locations whereas the former report was 286.8 illion lbs. This is a very heavy reduction and in bean equivalent amounted to about million bushels. This reduction was, however, offset by a like increase in salad r cooking oils stock revision. Speaking of errors, in our market letter of April 27th, ve quoted the USDA as saying that winter wheat outside of North America accounted or about 90% of the world's production.

After rereading our own letter, the figure sounded very high to us, and we questioned Washington to which a very polite answer came this morning, telling us that the percentage originally stated was 90 and later changed to 80. The Department of Agriculture also said that they neglected to change the paragraph in the general summary when their recent WHEAT SITUATION pamphlet was published. They also added that they hoped that this did not cause too much inconvenience but hat being informed of a discrepancy was appreciated. We have on another occasion called an error to the attention of former Secretary Benson, who in a speech at Peoria used some figures with respect to the increased yields of corn and oats during he past two decades. He replied that he regretted this inadvertent use of incorrect igures and was pleased that we should let him know about it. We merely mention hese items to show that errors are human. The Department of Agriculture uses every precaution and undoubtedly has all figures carefully checked, but even under hose conditions there is some unavoidable misinformation given at times.

During the past few days the weather map has shown some rain in the orthern sections of our country, with precipitation in Montana but much better in oth the Dakotas and Minnesota. Canada also had rain. All this, of course, is very welcome at this time of year, particularly since we had a subsoil deficiency in spring wheat areas. There was some very heavy rain in the Southwest and over parts f the corn belt. Tornadoes were reported in five southwestern states but apparently lamage to crops was unimportant. With the rains over the Central States running as high as 2 1/2 inches at Bloomington, there could be some delay in corn planting, and this may have had some influence on our market this morning, despite heavy receipts here in Chicago.

Farm selling of wheat in the Southwest was extremely slack and came lmost to a halt although some modest amounts were still coming from country elevaors, according to The Southwestern Miller report.

In Europe they had some widely distributed rains during the past week n top of earlier moisture. This was all beneficial for winter and spring grains and he general tenor of crop advices has been increasingly optimistic for most of the ountries. The fact is, however, that production will be curtailed probably by maller acreages, and on the Continent there is talk of 20 to 25% reduction as comared to last year. The French output may well be below last season but yet they nay have a moderate amount of surplus for export. The bean market after a steady pening was subjected to selling but apparently there were resting orders on the harp decline. Japan purchased 296,000 bu of soybeans for June-July shipment and ugoslavia was said to have bought some hard winters from the Atlantic, but this vas not fully confirmed.

Chicago wheat stocks showed a very small decrease for the week delining only 149,000 bu which still leaves more than 4 million bu here. The market as weak and this included new crop months also, which were influenced by the ine rain. The Chicago bean stock went down nearly 900,000 bu but there is still 3 million here in Chicago. Beans were very weak and the premium of old crop ver new has narrowed considerably, but is still large. At Winnipeg, improved op soil moisture conditions and lack of exports brought some selling into the flax arket. Corn gains did not hold in their entirety, particularly when other grains eakened. Rye was outstandingly strong and there was some commission house uying which ran the market into stops. Meal prices declined and soybean oil also id not maintain its early bulge, probably for the reason that it took its cue from a ower bean market. May oats held well and deferred months also did better. The ash oat basis has declined recently.

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CHICAGO, 4 May 9, 1961

Our friends in Canada have expressed delight over their country's recent agreement with Red China for the sale of 182 million bu of wheat. Added to this is 46 million bu of barley. It must be mentioned that only 17 million bu of that grain along with 30 million bu of wheat will be shipped by November 30th this year, and the balance of the contract is subject to further price and terms negotiation. From some quarters U.S. reaction has been partially critical because Canada chose to trade with a Communist country, and especially so as it was the Chinese who have become such a mortal enemy of the western world that we refuse to recognize their existence and have blocked their entry into the United Nations. We do not intend to pass judgment on the propriety of the trade between those two countries, but feel that in Canada's defense it should be reiterated that surplus disposal policies by our government have practically forced them into such a move.

Whereas their government along with our own has erred insofar as farm programs are concerned and both have been confronted with excess supplies of wheat, the U.S. for some time has literally undersold other export nations through give-away programs such as P.L. 480, Food for Peace, and formerly the Marshall Plan. Billions of bushels of surplus wheat have been placed into foreign markets. Among others, Canada has been unable to compete financially with us, and for this reason her wheat exports have barely increased while this year for the first time in our history as much of this grain will be exported as we consume domestically. Cur new Secretary of Agriculture has said "If price support programs were continued, the burden on the federal budget would become intolerable and the stockpiles of surpluses completely unmanageable." We would add that additionally we will lose the good will of our allies who can ill afford to compete with this wastefulness.

Though there was no special news overnight, soybeans were lower on the opening guided in part by weakness in the products after the close of our market yesterday and again during the 15 minutes prior to the grain opening this morning. Following the recent sharp decline, it would be natural for some technical rallies to occur. However, it should be noted that the open interest in old crop beans still amounts to around 130 million bu, almost all of which must be evened before the July future expires. We would think it unlikely for anyone to take delivery of soybeans at much of a premium over September unless they were pretty certain of a commercial or export outlet, and some of whatever carryover remains at the end of the crop year might be represented at least in some part by stocks in Chicago which are of record proportion for this date. Overnight Japan was reported to have bought 200,000 bu of this commodity for June shipment, and later in the day we expect an announcement on last week's export inspections of soybeans which will compare with 3.2 million bu during the same week in 1960.

Drier weather is forecast for the corn belt, but temperatures are on the cool side again. Sunny skies will be needed in order for spring planting to resume following the heavy moisture over the weekend.

During the week free stocks of wheat in Chicago declined 149,000 bu leaving a little better than 4 million. This appears to be an ample reserve until new crop is harvested and for this reason it appears as though futures could decline further. The weekly government crop report mentions that below normal temperatures slowed plant growth, but additional moisture improved conditions. Harvesting has begun in the southwestern part of the country and will slowly expand and it is expected to start soon in southern oat fields. Only small amounts of corn have been planted in the large producing regions and here, too, warmer temperatures are desired. Free corn supplies in Chicago are almost 12 million bu, but except for CCC sales which are still heavy, very little country run corn is offered. A University of Illinois economist thinks that no more than 50% compliance under the Feed Grain Program will occur, which is a far cry from government estimates of 70% and upward.

Grains were rather dull with price movements insignificant except in the case of beans which had a better undertone and short covering was featured until the end when prices broke again. Oil was weak, but meal was higher. A fair amount of export wheat business is pending including a 300,000 ton authorization to Brazil and prospects for a sale of 200,000 tons to India later in the week.

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CHICAGO, 4 May 10, 1961

Farmers' intentions to plant corn on March 1st before passage of the Feed Grain Bill indicated an acreage of 82.4 million. If there had been no compliance whatsoever, this would probably have given us a total crop of 4.3 billion bu based on normal weather conditions, etc. If the compliance had amounted to 50%, it might have reduced the crop to about 3.8 billion bu. We have to take into account that corn yields during the past two years have been boosted by favorable weather and it is quite likely that yields could be expected to run higher on a smaller acreage since it is only natural that farmers would retire their poorer land and at the same time there would be a tendency to increase the use of fertilizer, insecticides, and other crop practices on the remaining acres. Furthermore, there is no telling whether the non-compliance farmers would step up the corn acreage and under favorable weather conditions the production could be higher than indicated by the figures just mentioned. It is also likely that at the 50% level of compliance that only about 1.9 billion bu of corn would not be eligible for supports. While past history has indicated a sizeable proportion of the 1.9 billion bu of corn eligible for supports, we have never had anywhere near that quantity actually under loan. Furthermore, even though large loan entries are possible on the next crop, it will be offset to some extent by sales of non-certificate CCC corn or priced in the market high enough where farmers might sell their corn rather than take out a loan. There is no precedent for what may occur this year and it makes guessing somewhat more difficult as to what may finally happen with respect to the price level.

Late yesterday the government issued figures on weekly exports of beans and the quantity at 3 million bu was considerably more than had been expected. It was only a little smaller than the heavy shipments for the similar week a year ago. We now have in mind that total bean exports to date are about 10 million larger than last season, and the grindings since last October 1st are about 13 million bu greater. We started with a crop and carryover which was 13 million bu smaller than the previous season, so taking these three figures together, it presents a rather bullish picture and changes some of our calculations. The bean market was naturally influenced by this news, and also by a sharp advance in soybean meal and soybean oil prices prior to our bean opening. We are also reminded that conditions in Red China must be very poor insofar as food production is concerned. According to reliable sources Red China has contracted to buy from Australia grain worth $135 million to be fulfilled over the next few months. This sale includes wheat and other grains, and is in addition to the large deal recently made with Canada, which was not only a huge transaction, but could likely be described as the largest deal in this history of the Canadian grain trade, exceeded only by the Canadian sale of wheat to the U.K. immediately after the war.

Rainy weather was reported by Broomhall over wide areas of Europe during the past week and satisfactory growth conditions continue. As we have pointed out previously, this is partly offset by smaller acreages. Here at home we have been plagued by excessive rains over portions of the country and also by floods. For Illinois, oat seeding is now virtually completed and the condition of oats is good in all of the heavier producing areas, particularly central and northern sections.

Primary receipts of wheat were only moderate at 552,000 bu, which compared with 717,000 bu last week and 726,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 273,000 bu.

The bean market was rather strong right from the start. During the session some local short-covering ran the market into stop-loss orders. Exporters seemed to be inquiring a little more actively and Chicago is getting closer to a working basis. May beans were relatively firm, which also helped the July future. There was no pickup in the flour business; in fact, the volume, if anything, apered off further, and according to The Southwestern Miller, is as slow as it has been any time on this crop. Rye prices were firm again. The market has been getting some support from operators who bought this cereal against sales of other grains. The most revealing thing is that the price is below the loan but there seems o be no real commercial buying, and there is some doubt in our minds whether advances will be sustained. Corn seems to be without much feature. The country s not selling to any extent, so that we are relying more on government selling, but n our opinion this will probably continue. As far as wheat is concerned, there is n ample stock here in Chicago.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 11, 1961

Business and industry can only prosper if there is a healthy atmosphere in which to operate. If we bear in mind that in 1958 the cost of replacing obsolete capacity in this country was estimated at $95 billion and that the deficiency of present depreciation by reason of inflation is in excess of $5 billion per year, we cannot afford to lose cognizance of these factors. To keep up with today's frantic pace of innovation and technology and intensified competition on a global basis, more liberal depreciation policies must be established designed to stimulate longer-term economic growth, and this should be regarded as one of our important weapons. Depreciation is the means by which business should recapture the capital values used up in production. Unless this process is adequately implemented, business is really engaging in its own liquidation. So many politicians appear to think of depreciation charges as a "tax gimmick" rather than an essential cost of doing business. After all, funds for new capital investment come primarily from depreciation and retained earnings or fromthe creation of debt. During the postwar years, 1947 through 1960, depreciation was about two and one-half times as important as retained earnings and nearly twice the amount of new debt. Actually, it was equivalent to nearly three-fourths of the outlays of all farm and nonfarm equipment and construction. Prices of capital goods have advanced nearly 60% since 1947. With depreciation charges based upon historical or original cost, and all replacements priced continually higher, manyfirms have been unable to sustain a healthy rate of investment.

Before our market opened this morning, meal prices were a little lower, and soybean oil was a shade higher. As a consequence, we had a steady opening in beans, and the carryover feeling was a little bullish based on the possibility of another large export figure during the current week. Also, there was considerable comment that China would not be purchasing grains from Australia and Canada in such big volume if the agricultural situation in that country were healthy. Thus it boils down to the possibility of another season ahead when Chinese shipments of beans will be on a very restricted basis. On the other hand, we are going to have an enlarged bean acreage in this country, and there is some talk now that possibly land taken out of oats will go into beans, so that under normal weather conditions we may have a considerably larger crop than was harvested last fall. The weekly exports of wheat and flour, according to Broomhall, were nearly 14 million bu, and since the start of the season, July 1st, we have shipped 554.2 million bu, which is roughly 144 million greater than the season earlier. Our corn shipments were also quite heavy at more than 4 million bu, and since October 1st, or the beginning of the crop season for that cereal, we have exported nearly 168 million bu vs 126.4 million a year ago.

New crop July wheat in Kansas City yesterday sold at a premium over May for the first time, and this came despite small country offerings. The widespread rains that fell over Oklahoma the past week replaced surface soil moisture and greatly benefited growing crops. Farmers in some of the western and southwestern areas would welcome additional precipitation. The Iowa weekly crop report bulletin told of oat seeding being generally completed except for a few sections of the state. Corn planting started in many areas during the past week but was mainly confined to the central and southeastern parts of that territory. Temperatures continue subnormal. About 10% of the Iowa corn has been planted as of last Monday.

Primary receipts of wheat were a little heavier today at 977,000 bu which compared with 834,000 bu last week and 947,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 412,000 bu.

Markets were reasonably active. We had a fairly good recovery in beans at one time but there was some selling on the advance because we apparently are in a period now where new sales for export level off when the price goes up, and it seems that business can only be done on setbacks. Thus it is more or less of a hand to mouth basis. We did hear that the beans recently sold out of Toledo were being loaded for export and it may be that next Tuesday's figures will again show heavy shipments. Corn was somewhat higher and it seems that about 12 1/4 million acres have been retired under the Feed Grain Program which includes sorghums. Temperatures seem to be moderating a little.

UHLMANN GRAIN CO.

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CHICAGO, 4 May 12, 1961

There is little wonder that the manufacturers of dietary products have found such a receptive market. It is true that the use of "visible" fat foods changed remarkably little since the late 30's, despite eating changes in other items. What has occurred is that "invisible" fats are taken in considerably larger quantity than before World War II. Thus it is that annual consumption of invisible fat by U.S. civilians amounts to about 75 lbs per capita, and more than half this total comes from meat, poultry, and fish groups, although dairy products, (excluding butter) fruits, vegetables, and cereals fall into this category. Into the visible fat group falls butter and lard, which have declined in popularity among the American people, having been replaced by margarine, as well as cooking, and salad oils. Since soybean oil is the principal raw material used in the manufacture of margaring, replacing cottonseed oil, in importance, the speculative trade might govern their eating habits according to their market positions. It is interesting to note that farm families eat more fatty foods than urban dwellers, but by the same token retain their figures as they also indulge in a greater amount of exercise.

The Soybean Digest quotes individuals from various sections of the country, trying to point out that the acreage planted to this crop quite likely will be larger than the March 1st intentions report. Evidently high prices displayed for this past season's output have created unprecedented excitement among growers. The USDA indicates that this country's exports of fats and oils will remain high, at least for the balance of the fiscal year, ending June 30th, and as has been reported earlier exports by that date will be about 10% above last year's 133 million bu reported for the previous fiscal year, despite high prices. Soybean oil values are expected to remain firm this spring and summer, and the price of meal between April and September should be more stable than in the first half of the feeding year, while the level of soybeans should also remain firm during the spring and summer months, Obviously, some curtailment in exports and crushings must occur between now and end of the season or a deficit supply would exist, which, of course, is not possible, so that the key to the market very well could be the amount of early harvested beans, which will depend largely on the premium that exists in September. Right now, the weather is ideal for planting, and even though some areas have had excessive moisture, another few days of sunshine will permit farmers tore-enter fields.

Corn has beenfirm on reports of heavy compliance with the Feed Grain Program. A reliable Iowa source thinks that a number of feeders in that state will come into the program in surprising numbers, so that as opposed to former years, they will have no excess grain to market. It might be that free supplies will be tightly held at harvest unless the price is high enough to encourage selling by noncompliers, while on the other hand no letup is seen in the volume of CCC offerings for unrestricted domestic use, especially since demand has broadened and government offerings have been well taken.

When the wheat visible is posted Monday it will compare with a decrease of 1,132,000 bu in 1960. New crop months of this cereal were a shade higher and there was some talk by a Congressman that farmers might receive a higher loan for this year's crop, but this seems improbable. A fair amount of export business is pending and Kansas City futures were strong as exporters purchased against or in anticipation of sales. The UAR is negotiating for 200,000 tons of flour, and India is expected to buy smaller amounts.

Corn, too, was higher, particularly the December, which means that carrying charges have widened as had been predicted in this letter simply because CCC sells corn which is hedged in our market while the strength in new crop reflects the large percentage compliance being reported in most corn belt states.

Beans were erratic and the spread difference between May and July fluctuated but during most of the morning products tended to be weak, especially the meal which declined substantially from its high point. Much depends on the rate at which Chicago stocks of beans decline during the coming months, and because of this uncertainty we see no definite price trend at the moment. *September beans could lose their premium over other new crop months if planting continues on schedule. Australia is contemplating further sales of grain to famine threatened Communist China.*

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CHICAGO, 4 May 16, 1961

The international situation continues to be most unsettled. Our recent setback in Cuba is still fresh in the minds of Congressmen and apparently we have not found a solution to that problem, nor do we intend to take decisive action at this time. The imminent loss of Laos is recognized, despite the Conferences at Geneva, which apparently are going forward. The prospect of saving Vietnam only with U. S. troops poses concern, as does the revolt by the army forces in Korea, which have taken over all major cities. There was shooting in Seoul and apparently Chang, who succeeded Syngman Rhee has been forced to lay down his rule. The Revolutionary Committee has pledged close cooperation with the U. S. but apparently we are sympathetic to the Chang government, and most of his Cabinet Officers are now under arrest. Whether we can take any comfort from the proposed meeting of President Kennedy with the Soviet Premier Khrushchev remains to be seen, and in the past we have never fared well in our discussions with the Communist ruler.

Here at home we are still struggling with the farm programs. The President's advisors have abandoned almost all hope of new wheat marketing controls. Secretary Freeman's advisors seem to favor strict marketing quotas based on bushels which they hope would be more effective than controls on planted acreage alone. They hope that growers subject to Congressional veto might get a chance to work out their own bushel-quota plan under the Omnibus Farm Bill that is now before Congress, and that a separate wheat bill might be put through. However, time is running short, particularly for a complex new program that would become effective before growers make their 1962 crop planting plans this summer. In the meantime, we are pushing exports wherever possible and one of our fertile outlets is still Japan, although we are competing more vigorously now with Canada and to some extent Australia. We still figure on large shipments to India, although a bumper crop is now being harvested in that country but the outlook in Pakistan is less favorable because of severe drought during the fall and early winter. Recent rains in South Australia have given farmers in many districts the best early prospects for many years but even if production is heavier in that country they will have large contracts to fulfill in connection with recent sales to China, so that competition in other directions may not prove to be too keen. The outlook for winter wheat in the Soviet Union is reported to be better on the whole than at this time last year, when there was intensive winter kill. At the same time soil moisture is reported to be abundant in the winter wheat belt. That country is only a moderate exporter at best, and because of chaotic conditions sometimes receives wheat in some of its ports from abroad while exporting from the rich lands of the Baltic and the Ukraine.

Before our market opened this morning, oil was a shade lower and med prices had declined, which gave us a lower bean opening. It is generally assumed that weekly export shipments to be published later today will show a decrease both in comparison with last week and last year.

Primary receipts of wheat were 1.3 million bu which compared with less than a million bu last week and only 739,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 26,000 bu.

Beans were very weak today and old crop months were down more than the new. We shall have the government figures today on weekly exports and there may have been some selling in anticipation of a smaller figure. Wheat was under a little more pressure, particularly as commercial business southwest was slow and there was both local and commission house selling in that market. Our wheat sympathized to some extent but trade was not particularly heavy. The Weather Bureau has forecast severe thunderstorms for portions of western Oklahoma including the Panhandle, and it may be accompanied by some hail including the Texas areas. According to the Weekly Grain and Weather Bulletin crop prospects continue good in Colorado and Kansas where winter wheat and barley were heading in most districts. Excellent progress was made in most corn belt states as more favorable weather during the week finally gave farmers a break. Nearly 40% of intended acreage has been planted in Iowa which is the largest corn belt state. Flour sales were still of small proportion and general volume is only about one-fourth of capacity. Yugoslavia bought 14,000 tons of soybean oil for June-July shipment. This is about half the amount that trade circles in the East had reported yesterday. West Germany bought 4 cargoes of corn for July shipment via the Atlantic. Rye finally weakened and looks lower.

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CHICAGO, 4 May 17, 1961

Federal tax reforms might be constituted out of necessity as certainly the costs of government operation have reached new heights. U. S. expenditures for maintenance of military establishments and the procurement of arms amounts to more than $40 billion annually and absorbs about 10% of the gross national product, exceeding by several billion dollars the combined net yearly investment in manufacturing, service industries, transportation and agriculture. New ways are constantly being discussed to find additional revenues to meet these growing costs, but it should be restated that to reduce profits through taxation actually stifles the flow of money that might otherwise be spent for business expansion which ultimately leads to even greater profits. In other words, higher tax rates discourage venturesome innovations which even when successful must submit to the 52% corporate tax rate which, when combined with personal payments, means that the government might receive from 60 to over 90% of the total returns. Growth in industry and commerce can be encouraged by realistic tax and appreciation allowances which normally could provide the Treasury with possibly larger funds even if the tax rates were to be reduced.

Weakness in the products brought selling orders into the soybean pit before and shortly after the opening, and especially since a good deal of liquidation occurred the past day or two. The weekly export figure published yesterday afternoon showed that 2 1/2 million bu were inspected last week which is a million bu less than the comparable week in 1960, and, as last year's figures were high during the month of May and June, it is supposed that subsequent figures in the weeks ahead will compare unfavorably. At the same time the local elevator concern that had been the most aggressive taker of beans on the May contract, yesterday afternoon tendered a fair quantity which might mean that local stocks will not decline as fast as those in some quarters had predicted. In the meantime, May beans are selling at about even money or a little premium over July, and any change in this spread relationship might offer an indication as to the final disposition of local bean stocks.

In the state of Iowa progress of corn and soybean planting is ahead of last year with about 40% of the yellow cereal having been seeded and 10% of the beans now in the ground. Oat progress is reported to be good to excellent and grass crops such as this and wheat normally develop well when the month of May is cool and wet. In Illinois fair progress is reported for both winter wheat and oats, and strangely enough crops are reported to be suffering from excessive moisture in the southern areas. Experience has taught us that except in a few low spots better than normal moisture supplies are seldom disadvantageous. It is true that where flooding occurs inundation can result, but this is normally confined to land along river beds. For the state as a whole about one-fifth of the corn crop has been planted.

Some showers were experienced in the Southwest overnight with the forecast possibly for more and here, too, the wheat outlook as a whole is generally favorable. In Chicago where red wheat supplies are more than adequate for this time of year, along with the expectation of pressure from new crop, we would expect July wheat to decline unless, of course, last minute action were to be taken in regard to raising the 1961 support level. This could only be described as senseless.

There was no other grain export business overnight except for some hard wheat sold to Brazil and a very small amount of corn business to the Continent. There is an active daily inquiry from foreign sources for soybeans. This has been the case for months and between now and the end of the present season, price should become an increasing factor insofar as the amount of business consummated. This will be especially so as we approach new crop months and the lower price level will be reflected. Beans rallied and managed to close higher, but there was no particular feature with local traders quite active.

Wheat advanced slightly with flour demand slack, and old crop hard wheat in the Southwest is more difficult to buy. Price changes in corn were minor except for new crop months which were strong. Acreage compliance is sufficient to indicate a fair reduction in next fall's output. It is too early to tell what the bushel production will amount to or whether or not CCC offerings will continue during the summer months, but this government agency continues selling fair quantities in the domestic market.

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CHICAGO, 4

May 18,1961

Yesterday the Dow Jones industrial averages climbed over $700 for he first time, and this occurred in the wake of what economists and government fficials termed a mild recession. Interestingly enough almost as many stocks eclined as advanced in yesterday's trading, which shows the selective nature of the market as well as public psychology. Now, of course, optimistic forecasts are being made indicating new records will be set as industrial production is expected to improve in the months ahead. Certainly inflationary forces are at work, and world events continually point to more spending not only by our government, but out of private funds also. Latin American aid will be stepped up especially after recent events in Cuba, and corporate expansion seems boundless in many areas of the world. The next major plateau for the industrial averages would be the $800 mark, and some analysts think the present surge might carry that far by the end of 1961. It seems as though there is nothing on the horizon to cause a severe setback in the near future, but Washington officials are afraid that when the next bear market begins the drop could be unusually steep. In the meantime, budget deficits at both the national and state levels are growing, and local governments including city and county are expected to be short about $4 billion next year in meeting the costs of operating and building new projects. Consequently further pressure is created for federal funds to be used for public projects. By the fourth quarter of this year the gross national product is expected to increase to a $530 billion annual rate, but unemployment still will be well over the desired 4% maximum.

One of the reasons behind the strength in soybeans yesterday was further talk about the serious economic trouble confronting Red China, due largely to excessive crop failures. A friend traveling in France has sent an article from a newspaper in that country discussing poor weather conditions in China and the pessimistic farm outlook for the coming year. Of course, that country has made some important deals for wheat and barley with Canada and Australia, but their dependence on Russia is mounting to a peak level.

No sales of beans were reported overnight, but 275,000 bu was shipped from our market destined for Toronto. In early trading a local elevator sold May against the purchase of July beans, and about 3/4 million bu were tendered last night so that activity continues with tomorrow the last day for trading in the May contract.

Sections of the Southwest received moisture overnight and the forecast is for more, and pretty much the same is true for the corn belt, and though it is too early to be concerned over planting delays, weather will be important in the next two weeks. A good deal of work remains to be done. Wheat condition is reported mostly good to excellent in Oklahoma, but topsoil moisture is actually short there in portions of the Panhandle. The first car of 1961 wheat was received in Fort Worth yesterday, but active harvesting has not begun in volume. With about a month and a half remaining in the present season U.S. clearances for the present crop year total 571 million compared with 421 million by this date a year ago according to Broomhall, and corn exports are running ahead of last season also. The second official Argentine corn production estimate places output at 4.9 million metric tons, quite a bit better than the 4.1 million ton crop of a year ago. That country would have available probably better than half of its production for export. According to the Canadian Prairie crop report considerable seeding has been done in most southern areas, and surface moisture supplies now are considered sufficient for germination, but low subsoil reserves still cause concern.

Quieter markets prevailed in grain and beans, too, were much less volatile until late in the session. Price changes were minor in wheat with the nearby losing slightly on deferred months. Further export business is in the offing, but mostly for hard. Corn declined, but there was no special feature. As a matter of fact the fourth weekly report on sign-ups into the Feed Grain Program shows that 16.7 million acres will be diverted from corn and sorghum production. Soybeans rallied and the May kept its premium over July, but the open interest of almost 11 million bu must be evened or accounted for through deliveries either today or tomorrow. One service mentions that field reports indicate soybean acreage will be up about 12% or possibly more over the March 1st intentions. The quantity of early harvested beans should be large if direct-from-combine prices are at much of a premium.

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CHICAGO, 4

May 19, 1961

A day or two ago the Fourth Feed Grain Sign-up report was pubished in Washington and it showed that more than 16.6 million acres had been dierted from corn and grain sorghum plantings on more than three-fourths of a nillion farms this year. This is more than 16% of the U. S. total of 1959-60 verage corn and grain sorghum plantings of about 102.3 million acres. Secretary f Agriculture Orville L. Freeman said that the results of the sign-up in the fourth veek stage were highly pleasing. He also pointed out in this release the cost of the rogram, and we quote in detail one full paragraph of the fly-sheet as follows: 'For all farms signed, possibly advance payments under provisions permitting about alf of the payments to be made this spring come to about $222,800,000. While the otential total payments for acreage diverted to date under the program are not eing determined for these initial reports, Department officials estimate that total ayments will probably be more than double the value of the advance payments."

This would indicate to us that in order to reimburse farmers for educing their plantings, the government, in order to raise the money, will have to sell a tremendous amount of corn. Under the Feed Grain Program, certificates will e issued to farmers and producers. They may receive grain or the cash equivalent of grain for the certificates. Some farmers, of course, who are primarily in the eeding business will probably accept grain rather than cash, but in so doing it will relieve the strain that would normally come to the market if they had to go out and buy feeds to compensate for the smaller amount grown. In most cases, however, we suspect that farmers who ordinarily have a surplus will prefer to get cash payments from the government, and as stated above corn will be sold to provide the necessary funds.

Apparently a similar program is being considered for the 1962 wheat crop, but from advices that have come from Washington, there is nothing in the way of a higher support level for the 1961 loan. The new legislation now being drafted provides for wheat support at 85% of parity or $2.04 a bu, with a compulsory acreage reduction of 10%. The bill also provides for additional volunteer acreage cut of 30%. On 10% cut, growers will receive payments in kind equal to 50% of their normal yields and on the 30% payments will be 60%. Some pressure is for loan at only 80%. Plans proposed for 1962 have the support of farm leaders in Congress and the administration, and will be followed by referendum in late July or August.

Recent rains in Canada have no doubt been beneficial. Precipitation in inches from April 1st to May 15th of this year showed the following amounts for the three Prairie Provinces:

	This Year	Last Year	Normal
Manitoba	2.27	1.55	1.82
Saskatchewan	1.79	1.18	1.39
Alberta	1.67	1.63	1.62

Rather heavy tenders were made late yesterday on soybeans, and this had a bearish impact on our market early this morning, particularly as one elevator concern here put out a large percentage that had previously been taken in. Of course, much will depend on whether these beans finally go into strong or weak hands. Many people who ordinarily take delivery in May would be less apt to do so in July unless they have forward sales or a fair assurance that there will be a demand during August before new arrivals become available.

Not much attention was paid to statistics today. The Quaker Oats report spoke of more activity in accomplishing farm work during the past week, and they figured that between 85 to 95% of the corn acreage had been planted across the central areas of the main belt. Also a fair amount of soybean planting has been accomplished with possibly 40% completed as of this time. It was the last session for trading in May deliveries, which gave us a little more than usual activity and a good many people were spreading out positions with the result that May beans finally declined sharply after having been higher early. The crop prospects remain good for wheat and while a little moisture would be welcome in some of the southwestern territories there do not seem to be any serious complaints. Mills were said to be doing only a small flour business and the volume, according to The Southwestern Miller, was probably the poorest of the crop year. As a result of this situation and little new export business, wheat futures declined. The May delivery went out far differently than a year ago when there was a 10¢ span in the closing minutes. Oats were also weak particularly the expiring delivery.

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CHICAGO, 4 May 22, 1961

During the final hour of trade in May beans on Friday this delivery month not only lost its premium in relation to July, but actually expired at more than a 2¢ per bushel discount. There were two reasons why some analysts had been doubtful that this would occur. Firstly, many traders evidently had to take delivery in order to retain ownership and qualify for their 6 months gain. Secondly, it was thought that Chicago stocks of beans would be taken to apply against foreign sales as this market provides the only sizable concentrated quantity of free supplies. On the other hand, exporters supposedly are well supplied and according to the crushing report for the month of April, released this morning, processor stocks of this commodity totaled 87 million bu, about a 2 1/2 month supply. The number of beans processed in April amounted to just under 33 million bu, the same as during the same month last year but down 1.8 million from the previous month in 1961. The total number of beans converted to products since the start of the season amounts to 250.6 million or about 13 million more than during the same period of the preceding season. It should also be mentioned that both meal and oil stocks enlarged from March to April, and for this reason processors have discussed the possibility of shutdownsagain, a common occurrence when products are abundant.

Speculative longs in May beans had the protection of July as a hedge, but when we reach the next delivery period circumstances will be a good deal different as the following future will be September, representing new crop and currently selling well below July. For this reason we would think it likely for the old crop to lose much of its present premium between now and its expiration unless, of course, much deeper inroads into local elevator soybean stocks are made or contemplated.

As of April 30th record corn impoundings were reported at 545 million bu, which is about a 29 million increase from the previous month and, of course, a good deal larger than the amount placed under the government support as of this date a year ago due to the larger crop. The USDA also announced that the 1961 national average wheat support price has been increased 1¢ to $1.79 per bu reflecting the estimated wheat parity as of July 1st . In most cases terminal supports will be increased a like amount so that the loan on No. 3 soft red wheat in Chicago figures $2.06, and $2.08 on No. 2 hard red winter wheat in this market.

Moisture was general and in some cases heavy in the Southwest over the weekend, and temperatures, especially in the corn belt are well below normal for this time of the year. However, conditions are drier so that planting is progressing about on schedule. A good deal of moisture was received last week in the Argentine relieving dryness, and thepossibility of some expansion of wheat acreage is indicated for that country. Australia, too, has received beneficial rainfall, according to Broomhall, and planting conditions are talked of in optimistic terms. Weather in Europe is still favorable but reductions in acreage continue to cloud the overall picture. CCC sales of corn, though a little less than the preceding two weeks, still totaled 7 1/4 million bu domestically for the 7-day period ending May 12th. Since the start of the crop year sales in this category and for export are well over double those of the previous season.

During the week wheat stocks in our market declined 240,000 bu but there is still 3.7 million bu, and in the Southwest harvesting has now begun so that we know that as it moves northward, Chicago finally will increase on this figure by a good amount. Corn supplies increased 306,000 bu to a total of 24.6 million while there was no change in oats, and rye decreased only slightly. Beans declined 543,000 of which a fair portion evidently applied on sales to Canada, leaving 12 1/4 million bu here. So far no Canadian quota restrictions have been announced for rye and unless they are, open shipments can be expected after June 30th.

Soybeans were weak during the entire session and finally were off as much as the permissible 10¢ daily limit. Liquidation was general with stop loss selling apparent and the reasons are pretty much as defined in the forepart of this letter. Corn also broke sharply as one commission house was a big seller and stop loss orders were set off. Pressure occurred in wheat and even with the possibility of a higher loan for 1962, it could be some time before affirmative action is taken. The oat outlook is good and prices for this cereal declined.

UHLMANN GRAIN CO.

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CHICAGO, 4 May 23, 1961

Many of the present agricultural programs are not new at all but are a repetition of the old ones that have been reheated. For example, cutting acreage was initially instituted during the early days of the Roosevelt administration when every third row of cotton was plowed under in an effort to reduce production, and thus an attempt was made to overcome technological developments. We later had the practice of Soil Bank, which was never too effective, and now a program is being considered for wheat similar to that instituted for feed grains, where the farmer would be paid a bonus either in cash or in kind for reducing acreage. The great advances that have come to agriculture are not singular to that industry alone.

We have had automation now for a long period of time, and while it was originally contested by labor on the theory that it meant fewer jobs, we have, nevertheless, gone forward like no other nation of the world and have made available the luxuries of life, including automobiles, dishwashers, and air conditioning to almost the entire population. Just recently the U. S. Department of Labor estimated that nearly one-third of the job titles existing today will be outmoded by scientific progress before 1970. By that time, however, it is felt that some technological changes will create thousands of new job titles and new business opportunities. This is progress in the real sense and has made it possible to reduce the working hours of people, so that they could enjoy more leisure time.

Insofar as farming is concerned, the control of acreage has not necessarily been commensurate with the size of crops, and by planting the rows of corn closer together and using more fertilizer, yields have responded to better farm practices, and it still remains to be seen whether next summer's corn crop will be cut to the extent that our acreage has been reduced.

The carryover feeling from yesterday was quite bearish, since the July bean future had sold down the full 10¢ permissible limit, but by the same token those who were unable to liquidate their nearby contracts had sold September and November futures, with the result that this morning there was some unspreading, and these operations brought about a readjustment of values, which late yesterday had been somewhat distorted. The government announced an agreement to sell Spain nearly $50 million worth of agricultural commodities in exchange for Spanish currency. Included in this transaction is about 150,000 bales of cotton, 8.6 million bu of wheat, a smaller quantity of barley, and a little more than 4 million bu of corn. Altogether it is another move toward the FOOD FOR PEACE agreement in which we have been generously engaged for some time. In addition to foreign sales and gifts, we are also enlarging the scope of our distributions at home and negotiations are under way to give peanut butter to needy families by early June.

During the session weekly export figures were reported at 2.6 million bu, which was a little larger than last week but compare with 3.3 million bu last year. Today's report included 1.1 million bu that was shipped to Canada.

Primary receipts of wheat were 846,000 bu which compared with 1.3 million bu last week and only 900,000 bu last year.

Beans were again subjected to heavy liquidation, and at the low point the July future showed a decline of more than 47¢ per bu from the season's high point. We figured and advised our people that there was still considerable statistical correction to be made. The crop and carryover this season was 13 million less than a year ago. We have crushed about 13 million more and have exported 8 million more to date. This is a total of 34 million bu. Last year's carryover was 23 million so that as of now we have a statistical shortage of 11 million bu which would have to be overcome to put us at the break-even point with no carryover at all. Under the circumstances it was not surprising therefore that the market rallied, particularly since the technical position of the market had been improved by the recent selling. The Agricultural Department announced a marketing quota penalty of $1.08 per bu where excess wheat planting took place. This is the same penalty as for the 1960 crop. Flour demand was draggy and almost at a standstill for new business. The crop outlook for next year's wheat crop is still good, and in the far sections of the South wheat is already coming to market. Corn was inclined to do a little better. There was no special news except that there had been a sharp break yesterday. The usage for the season will be at a record high of 4,143 million bu vs. 4,023 million a year ago. Nevertheless there will be a carryover of about 2 billion bu which would be considerably larger than the year before.

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CHICAGO, 4

May 25, 1961

Secretary of Agriculture Freeman has stated that in the week nded May 19th, farmers have agreed to idle another 4 million acres of corn and rain sorghum land, pushing the total acreage to be retired to 20.6 million acres. fficials are optimistic that by the June 1st deadline the total could reach 25 milion acres, and if this is borne out it would mean a much smaller corn crop next all. In view of the fact that we shall have a carryover reserve at the end of the urrent season of 2 billion bu, we are beginning to make some headway in cutting own our reserves. Thus it is altogether possible that Secretary Freeman will be uccessful in his endeavors., despite the fact that he has not had too much experince in the agricultural field and came to office with only a smattering of the basic roblems confronting that industry.

We point out that even the General Electric Laboratories, with $60 million appropriation and with a staff of 4,500 technicians in 1955, farmed out n the same year 360 projects to 217 public and private institutions. Thus it is obious that outside consultation is often necessary. Moreover, history has shown hat many of our innovations have been sparked by people who were not directly conected with an industry. For example, the joint inventors of Kodachrome were musicians. Again J. B. Dunlop, the inventor of the pneumatic tire, was a veteriary surgeon. George Eastman, when he revolutionized photography, was a bookeeper. The automatic telephone dialing system was invented by an undertaker. There are many other examples of this sort, but in any case, we wish the Agriculure Department success in trying to accomplish its purpose.

July soybeans opened higher, which affected the later months lso. Agriculture Department economists pointed out that the price of soybeans hrough mid-summer will continue strong and average sharply above last year as ean crushers and exporters compete for the smaller current supply. Thereafter, however, prospects for the new crop soybeans will affect prices. They figure that crushings for the entire season will amount to about 400 million bu and exports will be increased to 141 million bu. Consequently, they say that the reserves on October 1, 1961 will be about 5 million bu, which would be down sharply from the 23 million bu last year and would be the smallest bean inventory since 1956. They believe that during the period of May through September weekly clearances will average about 2.1 million bu compared with 2.6 million last season. Exports this summer will be reduced as foreign users are expected to buy only on a hand-to-mouth basis and thus switch to other lower-priced fats and oils, insofar as is possible.

Iowa corn planting, according to the weekly crop bulletin, was about 70% completed as of last Monday evening. Soybean planting advanced favorably during the past week. Rains during the first part of the week helped replenish many areas which had been reporting somewhat dry topsoil. Some scattered showers are expected for the corn belt and will extend to the Southwest. In Kansas, rainfall received over the past week-end improved wheat prospects in southwestern Kansas but will again delay spring field work over the eastern half of the state. In Oklahoma, grain harvest got underway in southern areas and rains provided needed moisture for growing crops in much of the western part of the state.

Statistics were of no particular importance. At mid-session President Kennedy addressed Congress, and his request for additional funds to take care of new and expanded programs would boost federal spending in the year starting July 1st by well over $724 million. He stated, however, that our country faces an extraordinary challenge which requires new measures of hardship and sacrifice, and he called for a program that would include $7 to $9 billion of disbursements over the next 5 years to get a man on the moon before 1970.

The bean market was firm early but had a late break. Planting of the new crop is making satisfactory headway. Corn was up on the news mentioned earlier: namely, that large reductions in planted acreage would result from the feed program. However, some traders may overlook the fact that unless further appropriations are made, the government will have to sell tremendous quantities of corn to pay farmers their bonus. Flour business was poor and there was no immediate indication of any pick-up in orders. The wheat market was somewhat weaker. Cool, damp weather seems to be ideal for best development of the crop, and there is no incentive yet to buy at present levels. Brazil bought 100,000 tons of hard wheat at the Gulf, but this apparently did not have much effect.

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CHICAGO, 4 May 26, 1961

Our sense of values has become distorted with the changing times. We ave been told that all efforts should be exerted toward placing an American on the moon and that in the next five years an additional $7 to $9 billion must be spent to elp gain this advantage over the Russians, which would entail personal sacrifice. The reaction to this probably is much the same as a cross-country runner who wishes e could stop just long enough to catch his breath and be certain he is still on course. f we could do just that, to ask ourselves where we are going and what are our objectives, most likely the answers would be fairly unanimous, but how to get there would remain problematic. We are desirous of the prestige we would gain by reaching the moon, but most people feel that it is more important to develop military strength as a preventive against the war, while if only we could, we wish our world was such that we could improve our domestic society without having to live in fear of constant international turbulence.

As the leading economic nation in the world, it behooves us to re-evaluate our system and do what is necessary to keep it intact. Though seemingly abundant, our wealth is limited and certainly each individual would like to use part of his personal income for education, medical care, insurance and recreation. This means that we must exercise discretion in achieving national goals so that individual freedom of choice is not buried which would actually result in less economic security and smaller funds. Through experience we have discovered that freedom produces more of everything than a regimented economy, but we must go at our own pace, because to accelerate in all directions at once would exhaust us. If space exploration is our goal and appropriations are to be concentrated in this area, then social welfare or farm aid for example must be sacrificed. The government cannot inflate the economy by constantly appropriating more money and then ask private citizens to pay more taxes while holding down wages and prices.

Factory and warehouse month-end stocks show more crude and refined soybean oil as of April 30th either than the previous month or the like date in 1960. Crude and refined amounts of cottonseed oil are a little less than they were in April a year ago, but about in line with the end of March. Our soybean market was subjected to liquidation late yesterday and again at the opening this morning and two things are apparent. A carryover of 5 million bu of beans, as projected by the USDA means that Chicago stocks must go down between now and September, but will do so no doubt at a fairly steady rate. Also there should finally be a day when old and new crop prices of this commodity narrow and this too could be gradual; maybe slow at first, but faster as the new season approaches. Perhaps this will occur long after July goes off the board, but the anticipation of it leads us to conclude that July and September beans finally will sell at a closer difference. According to the American Soybean Association based on reports from 15 of 31 bean producing states, about 600,000 more acres than was estimated in the March 1st intentions might be planted to this crop in these states which comprise the largest producers.

Temperatures are well below normal and the Chicago Weather Bureau reported a record low for this date, but a warming trend is expected in the next 5 days. The fifth feed grain report shows that 16 3/4 million acres of corn have been signed up and this amounts to more than 20% of the 1959-60 average yield of plantings of 83.6 million acres.

Wheat, which has been under pressure recently, was a little better supported today and ordinarily at this time of year as the pressure begins to mount, it is partially offset by investment type buying. A large mill was a good buyer of this grain in Kansas City. Feed grains were mixed with oats a little higher while rye was under considerable pressure late in the day, but of course all markets were somewhat influenced by the break in beans. Stop loss selling was the main feature in this pit and early today short covering occurred in soybean oil against selling in meal, which is somewhat a reversal from recent days' activity. Later the oil declined.

When the wheat visible is posted Monday, it will compare with a decrease of 4 1/4 million bu last year. Spain bought 150,000 tons of hard wheat for June shipment, and offers evidently are being made to that country for the same quantity for July shipment at a slightly better basis. The Board of Trade will be one of the few exchanges open on Monday as all stock and commodity exchanges in New York will be closed. Tuesday, of course, is a national holiday.

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CHICAGO, 4 May 29, 1961

We sometimes wonder how the world price for wheat would differ if we went back to the free marketing system, such as was enjoyed by virtually all nations in former times. In Argentina, for example, the price support for wheat is still not at a very high level and for the 1960-61 crop it was fixed at an average of $1.23 per bu, which the Grain Board contracted to pay growers when specified standards were reached. Producers are free to deal with the Board on a guaranteed minimum price basis or may sell on the open market under a free, competitive system. In Australia the support price for the 1960 crop was $1.69 per bu at ports for fair, average quality wheat but farmers are required to sell their entire commercial production to the Board at the fixed price. The Board also sells wheat for domestic consumption at a fixed price of $1.72 per bu, and the same agency handles exports under various trade agreements. If they realize higher prices, additional disbursements are made to farmers; otherwise, the loss is made up by the Commonwealth treasury.

In Canada, the Wheat Board, which is a government agency, has sole responsibility for marketing virtually all of the wheat, oats, and barley that is grown in the Province of Ontario, west of the lakehead ports of Fort William and Port Arthur, as well as in the three Prairie Provinces, and also certain parts of British Columbia. The Board controls the marketing of about 99% of all the wheat and a slightly lower percentage of the barley and oats entering inter-provincial and export trade. Each farmer receives an initial delivery quota and grain must be held back until there is room for it at the terminals. Growers are guaranteed minimum prices at time of delivery and support prices are fixed each year for basic grades of various cereals, such as wheat, oats, barley, etc. However, there is no price support for rye and flax. For the 1960 wheat crop, the minimum was $1.42 per bu based on U.S. currency. Lower grades were discounted accordingly. The government has the grain business pretty well tied up because country elevators that purchase wheat and barley, as well as oats, merely act as agents of the Board. If there are net profits at the end of the season, the Board makes returns to farmers in the form of an interim or final payment, but since the initial prices have been below the net realized price previous to World War II, the government has been called upon to pay a subsidy. The government in turn pays the cost of storing wheat on any carryover in excess of 178 million bu or more and held by the Board on August 1st of each year. Time does not allow a discussion of all the regulations that have been imposed by the various importing countries, but practically all of them have minimum price levels in the countries concerned.

Before our market opened this morning, there was not too much to guide it. All securities markets were closed and most of the eastern commodity exchanges also enjoyed a holiday. We had arather firm opening in beans and as has been pointed out in our recent letters before, the year-end carryover will be much smaller than in recent years, and with a break of 50¢ a bu from the season's high, we feel that some caution should be exercised, particularly in selling on breaks. However, the prospect for the next crop is still favorable.

According to Broomhall, recent cold weather and dryness have tended to slow European development to some extent but most areas still have fair to good moisture supplies.

The visible supply of wheat showed an increase of 1.9 million bu. Some grain houses are buying wheat in fairly good volume in the Southwest, although we think that the bulk of the hedging pressure is still to come. After a moderate decline, some buying came into the market although trade was light. Corn showed a small increase and the bean visible declined 1.7 million bu, but here in Chicago the decrease was very small, and we still have 12 million bu locally held. This was disappointing to those who figured that there will be heavier movement from this market. It may well come later, but in the meantime European demand is very slow.

Reports from downstate told of 90% of the corn and 50% of the beans in that area being planted, but growth was slow due to the fact that the ground was still cold. The 5-day forecast anticipated temperatures slightly above normal. The cash basis for corn was lower but otherwise not much feature. Beans rallied late in the day with the deferred months up as well as the July.

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CHICAGO, 4 May 31, 1961

While President Kennedy carries his message of peace across the Atlantic, and Secretary of State Rusk takes his fight for increased foreign aid to the Senate Committee, farm economists are whistling a happier tune. With but a few exceptions, there is no general improvement in the supply versus demand outlook for commodities, nor is there a lessening in production costs. Nevertheless, 1961 farm income will be higher because of increased price supports. There are, of course, repercussions which affect other segments of the economy, such as lagging seed corn sales, as well as slower demand for fertilizers and insecticides because of the reduced acreage. However, farmers generally will receive and spend more this year, which will be their second best since Korea. Income is expected to jump $1 billion to a net of $13 billion, which will add to producers' purchasing power and should help in rural areas where farmers already have begun to order new equipment plus home luxury items. Farm real estate values, too, will stabilize after a short reversal which had followed many years of incline.

The bull market in soybeans, which now is being subjected to a good deal of liquidation, probably will continue to lose more of its gain. Export inspections of this commodity last week totaled 2 1/2 million bu, the same as the comparable week in 1960, and though some in the trade had expected a smaller figure, prices hardly responded to what might be termed a bullish statistic. Future shipments based on the present demand outlook are not especially encouraging and European buyers are mostly indifferent, while only Japan appears to be at all agressive. Total clearances of beans since the start of the season amount to 104.4 million vs. 95.7 million by this time last year but the USDA expects shipments for the entire crop year to amount to around 141 million bu, or the same as during the previous season.

The most optimistic export figures for wheat no doubt will be realized, as it appears as though 650 million bu of the 1960 crop could be sent abroad by the end of June. Even so the July 1st carryover will be a new record and the outlook for this summer's harvest can almost be categorized as exceptional. Another bumper crop is in prospect with harvest beginning to pick up in our Southwest. Weather has been almost ideal and an eye now is being focused on the corn belt where conditions were almost perfect for planting during the past week. In Illinois, it is reported that corn seeding is about finished and beans about 75% planted. A private report from Minneapolis mentions that corn and beans are about 85% in and warmer temperatures, of course, are advantageous. Subsoil moisture is fair.There have been complaints from the Canadian Provinces and rainfall is needed not only to supplement topsoil reserves but in many areas subsoil deficiencies exist.

The present administration is carrying out the programs of its predecessors, insofar as both domestic and overseas food donations are concerned. In the former category slightly over 835 million lbs, an increase of almost 15% from the same period a year ago, had been donated, while distribution of goods through foreign outlets has amounted to 1.7 billion lbs, up 28%.

Soybean futures were erratic and ran into stop loss orders in both directions during the morning. After early weakness, prices recovered substantially and some of those who sold later covered. The products were mixed with oil quite firm as some warehouse receipts have been cancelled for shipment out of several delivery plants, and no boubt will apply against overseas business that had previously been arranged. As the open interest in July beans is still large, gradual liquidation could occur in the weeks ahead and possibly July and September will narrow before the former's expiration. New crop months will be more influended by the size of next fall's crop which, according to reports, could average around 15% above last year's output based on the increase in acreage.

Corn futures also rallied and the December seems to lead the way on the basis of smaller acreage based on the amount of land being left idle in compliance with the Feed Grain Program. Tomorrow is the final day for signups, and basis the USDA estimates well over 16 million acres could be segregated. It might also be mentioned that today is the final day for farmers to impound 1960 corn.

Free wheat stocks in Chicago decreased 244,000 bu to a total of 3 1/2 million while free corn supplies declined 164,000 leaving 11.1 million bu.

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CHICAGO 4

June 1, 1961

The assassination of Dictator Trujillo of the Dominican Republic s further evidence that peace has not returned to the world. Whether the Communists will gain control of that country is difficult to tell at this time. We have persued policies in this country of extending humanitarian and financial considerations to both our Allies and in some cases to our enemies on the theory that economic abandonment to either party might cause the emergence of a hostile power, which could bring another threat to world peace in a matter of years. It has been the conviction of both political parties in this country that the prevention of further trouble would best be served by helping put sound economies and bulwarks against the further spread of Communism. In some cases the aid came in the form of grants or of credits. In other instances, we made outright gifts for which we expect no payment. Even under the P. L. 480 program, it is not considered that we shall ever derive too many financial benefits from the foreign currencies which we accumulated.

There has, of course, been another benefit to us in giving away some of our surplus agricultural products, and this is quite obvious because we have aimed to reduce the accumulations at home. In this country we have revolutionized the agricultural industry so that we are able to produce these vast surpluses. We export hundreds of millions of dollars of farm products and many of them would not go into foreign markets except for the subsidies and gifts that have made them possible. Our success has been achieved with less than 9% of our labor force engaged in agriculture but with modern techniques and improved seed and better fertilizer, we have finally resorted again to the abandonment of acreages in order to cut down our production at home.

Before our market opened this morning, the carryover feeling was a little bullish, particularly in beans, because of the sharp advance in the July future yesterday, but until Chicago stocks decrease on a heavier scale, we are somewhat skeptical that advances will be sustained. Moreover, the European demand for beans is still very slow, and in some cases we are told that substitutes are being sought.

Foreign crop news relating to grain is less optimistic than it had been. It seems that cold weather and lack of rains, accompanied by winds, have hastened depletion of moisture supplies and have posed a threat to grain crops over large areas of Europe during the past few days. While these reports do not contain serious or lasting effects from the recent unfavorable conditions, the over-all outlook has been clouded, and dryness in some sections of France is said tohave assumed drought proportions. However, in Western Germany and Belgium, there was a partial snowfall, but, of course, at this time of year it does not last long. The main thing is that the French acreage is sharply cut from last season.

Our weather seems to be improving; there is a showery condition rather generally spread over the corn belt and in the Southwest. There was also some light moisture overnight in southern Manitoba, and in the spring wheat areas of North Dakota. Temperatures in the Central States have also moderated, and according to the Illinois weekly crop bulletin, corn planting is about four-fifths completed over the state. The crop has made slow progress because of cool weather. Soybeans are nearly half planted statewide, which is only a couple of days behind average. Progress was very rapid last week except in the south where planting is just beginning to pick up. Winter wheat is doing well and is close to two-thirds headed or heading. This is about a week behind average. Oat conditions are better than a year ago in most sections.

Primary receipts of wheat were a little larger than last week and more than twice as large as last year. Harvest is becoming pretty general around the Enid, Oklahoma territory and one of the cooperative companies believes that the wheat crop will exceed 115 million bu which would be pretty close to last year's large return. Actually wheat did very little and the main activity was still in July soybeans with some early strength, but the market did not hold despite some commission house buying. Corn and oats were weaker following the recent strength. The weather seems to be almost perfect for this time of the year plus the fact that we are anticipating continued selling of corn by the government. ICA made some further authorizations to four countries to buy U.S. farm products including cotton, fats, and oils, but this had very little influence on the market. Rye was somewhat lower.

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CHICAGO, 4 June 2, 1961

There was not a great deal of grain news overnight although the ixth report showed that 19,054,631 acres of corn had been signed up in the Feed Grain Program from the 46,392,313 acres of corn base, or almost 23% of 1959-60 average U.S. plantings of 83,648,000 acres. Participation in the program appears o be widespread and certainly higher than some had anticipated. The deadline for sign-up was set for each state but in no case could it be later than June 1st. Apparently the large amount of land idled on participating farms reflected the decision of many small producers to take full advantage of the provision that allows 20 acres plus 20% of the base acreage to be placed in the program. We must bear in mind hat the final level of compliance may be somewhat lower than indicated owing to he fact that a farmer maysign up and then decide not to comply, or at least to comply on a smaller acreage than originally indicated. However, we are bound to have a much smaller crop next fall, and while this by itself would be a bullish factor, it must also be recognized that the heavier the compliance, the more numerous certificates that may be brought in for government redemption, and thus very heavy stocks which are now held by the government are bound in part to come back on the market, although it is still a moot question whether the government will sell during the summer months, or whether they may wait until Octob er in the handling of this program. While this would not affect the final results, it might have some bearing on the spreads between the nearby and distant months.

According to Broomhall, exports of U.S. wheat and flour for the week were 12.4 million bu and since July 1st total shipments reached 597.3 million bu vs. 447.4 million a year ago. This is going to be a banner year for exports by all odds, but as we have pointed out it will still leave us with a record carryover reserve. U.S. shipments of corn for the week were also heavy and amounted to 5.2 million bu, with the result that since the beginning of the crop season, October 1st, we have exported 184.3 million bu, whichis 45 1/2 million more than was shipped in the corresponding period the year earlier, Our oat shipments since July 1st were nearly 26 million bu, which was larger than last year but our barley shipments were considerably less, and even with a big rye crop we sent only about 2 1/2 million more abroad than we did a year ago.

Indications, according to the 5-day outlook, are for temperatures somewhat below normal for the corn belt and rather small amounts of moisture are expected, but altogether the crop seems to be making fairly good headway, although we do not get the same reassurance from farmers growing oats, as many of them feel that while growing conditions are fairly good, we may have a fair reduction as compared with previous seasons. In Iowa, 95% of the corn acreage had been planted by last Monday. The state is said to be generally good as of this early date. Three-fourths of the Iowa soybean acreage has been planted and altogether there was not too much inducement on the buying side this morning, with the result that beans were somewhat lower when our market opened. In Kansas, wheat as a whole was said to be 85% headed by May 27th. The condition continued good to excellent but moisture was needed in the southwestern part of the state. There were small losses for both wheat and other crops due to flooding in central and eastern Kansas but as is generally the case, this is more beneficial to other land and most of the reports are still highly optimistic.

Primary receipts of wheat were smaller today at 691,000 bu which compared with 1.1 million last week and 499,000 bu last year. When the visible is posted on Monday, it will compare with a decrease last year of 2.1 million bu.

There were periodstoday when inactivity ruled in almost all pits. However, selling of beans on the bulge brought about some reactions and July was still the most important future, which is to be expected as the open interest in that month consitutes a big percentage of the entire open position. The fact that there was liquidation in meal and a slightly lower market for oil also caused a little evening up over the weekend. We heard today of a resale by an exporter of some beans to move from Toledo to Toronto, and possibly more will be worked. Also currently a small steamer is loading soybeans at Chicago for overseas shipment and another small steamer may load out in about a month. The wheat market was rather firm but trade was light. The market will have to absorb more hedges and we would await breaks before making investment purchases. Corn was very firm on the report mentioned above.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 5, 1961

President Kennedy and Premier Khrushchev met at Vienna over the eek-end, and apparently the talks were cordial as far as can be learned, but there as no apparent agreement on many of the East-West issues. It was said that nu- ear testing, disarmament, and Germany were discussed, and after many hours of onference, the two leaders termed their two days of talks as useful and pledged to aintain contact on all questions. As Louis Fischer recently said: "The supreme oal of the U.S. foreign policy should be a 20th Century world in which all coun- ies enjoy better living conditions and-- what is no less important --better living, d therefore have an equal stake in freedom, justice, and tranquility." If this ould be accomplished, some of our worries with respect to the "cold war" would e lessened, but, of course, nobody can be entirely sure and thus our preparedness rogram will no doubt be maintained at its present high level.

Before our market opened this morning, there was not too much to uide it. Certain dispatches from Washington said that the CCC has been warned by e House Appropriations Committee that overloading the government's farm price upport program with too many financial burdens brought about by special activities ay cut short funds for price supports. Under the circumstances, we may conclude at in carrying out the feed grain program, the government will have to sell consid- rable quantities of corn in order to satisfy certificates when farmers turn them in r payment. This in our opinion will be quite an offset against a smaller crop hich is now in prospect due to sharp acreage reductions, although as we have tated before, it will be very important whether the government liquidation comes uring the summer months or whether it is held up until fall. It is quite likely that ere will be determined efforts to keep the price level down during the period of arketing, so that noncompliance farmers do not receive too many benefits as com- ared with those who have signed up under the program.

We also had news that the European crops were not maintaining their arlier promise. Broomhall, while not pessimistic in this respect, told of less fav- rable conditions over much of Europe due to a cold spell, a drying situation, and carcity of rain over wide areas. Growth, which had been quite satisfactory pre- iously, was materially slowed, although temperatures started to rise around mid- eek, and apparently there is no damage of importance yet, but moisture deficiency a number of countries has caused some concern. France was in need of rain over ide areas, and Spanish crop conditions were described as indifferent, while at the ame time it was calculated that Italy would require imports of around 2 million ons of wheat in the 1961-62 season. While not of the same importance crop news rom the Danube Basin and the Soviet Union appears to be primarily satisfactory. ndia, which has been our largest taker of wheat, has harvested one of its best crops nd some reports are now claiming that it will be a record. On the other hand, the ncrease over last year will not be sufficiently noticeable to affect import needs.

Here at home we had further moisture over the Southwest but it was ostly clear with moderate temperatures prevailing over the corn belt states. On e whole, we think that crops are now making satisfactory progress. It was re- orted this morning that 192,000 bu Canadian rye has cleared for South Chicago. ate Friday, Turkey purchased 4 cargoes of Gulf hard wheat and the Continent took ome parcels of nearby soybeans. This was about the only commercial business at was claimed early.

Chicago stocks of wheat showed a small increase for the week which ndicates the slow demand, but yet futures were strong and July led the upturn with ery little pressure exerted on the market, and there seemed to be a little buying ut volume was not heavy. The bean stocks locally went down 400,000bu still leaving 1.7 million here. We had considerable strength in beans particularly for the July nd September futures although best prices did not quite hold. There is the feeling some quarters that with the small carryover the demand for Chicago stocks may mprove but we cannot enthuse very much on that point. In any case there was a air amount of commission house buying which finally firmed the meal and oil arkets. Corn was also strong, but the nearby delivery is losing a little ground n December, and we think that the carrying charges will widen. Local stocks ere are going down very slowly. Oats were about the only commodity that did not o better. There was some buying of rye futures which gave us a higher closing.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 6, 1961

Twenty-five years ago, or in 1936 to be exact, which was just few years before the outbreak of World War II, the grain elevator capacity of 56 eading terminal and subterminal markets in this country amounted to 556.5 million bu. This included not only the large central markets of Chicago, Minneapolis, ansas City, Duluth, Fort Worth, Omaha, etc., but the various port facilities, and, ndeed, most of the secondary markets that were adjacent to the growing areas. pparently this storage was sufficient to take care of our grain requirements because we had not yet built up the vast surpluses, and at that time grain was grown or consumption rather than for storage. Everything today is vastly different. The ommercial facilities for storing grain in Kansas increased nearly 40 million bu uring the past year, and the storage capacity of terminals, mills, elevators, warehouses, and other miscellaneous storage in that one state alone now totals over 780 million bu, or more thanthe combined storage of the 56 important grain centers prior to the war. At the moment these facilities are all needed but whether they will e in time to come is a moot question. There is about 541 million bu of grain on and in the State of Kansas, leaving 239 million bu of storage available for new crop grains. In these calculations, the CCC binsites are not included, although they have a capacity of about 45 million bu, which provides additional space, and as of May 15th, they were about half filled with grain. There is construction now underway and scheduled for completion during June that will provide Kansas with 20 million bu of additional space, while another 9 million bu of storage is planned for completion later in the year, which would bring the state's total storage capacity to 809 million bu.

After the close of the market yesterday, the government issued its weekly figures on soybean exports, and inspections amounted to 1.4 million bu vs. 2.2 million a year ago. Taking into account the revisions, we are now running about 6 million ahead of last year since the beginning of the season. In view of the fact that European demand is so slow, we feel that this tendency should continue. It was not surprising, therefore, that beans reacted this morning, particularly since there was no confirmation of the outward movement from Chicago, which had been reported as likely yesterday and which we discounted at that time.

A showery condition is spreading over the corn belt, with somewhat higher temperatures, all of which is favorable. In our Northwest, one of our friends tells us that crops are coming along nicely at present, although in southeastern North Dakota a good rain is needed over the whole area, and there are other scattered sections that reported dry conditions. Winnipeg advises that at those points that did not receive moisture last week, the situation is becoming critical, and we assume that the spring wheat areas generally could use a good soaking.

USDA announced a trade agreement with Pakistan of $13.2 million, which includes wheat and wheat products but also cottonseed and/or soybean oil. Ocean transportation included in that figure amounts to $1 3/4 million. We also understand that UAR has asked for tenders Thursday on 660,000 cwts of flour and other foreign flour business seems to have improved sharply, with some offers to be submitted tomorrow to Brazil, but this will probably represent wheat, with a figure of 100,000 tons mentioned.

Primary receipts of wheat amounted to 1.3 million bu. There was a holiday last week but last year they were 591,000 bu. The visible supply showed a small increase and the total is 397.5 million or 33 1/2 million more than last season. There was a decrease in the corn visible of a million bu and the bean visible decreased 1.8 million bu, but there is still nearly 10 million more in various positions than last year.

After faltering a little, beans responded to the weakness in meal and to lower prices of oil, and the July future declined more than the new crop months which is natural. There was some selling of wheat on reports that the country movement in Texas was picking up. Flour business was just a shade better, but the aggregate according to The Southwestern Miller is running at less than 20% of mill capacity Corn was a shade lower. There was no particular feature but barge shipments southeast of Memphis have been impaired because of the breakage of a dam, and this could possibly mean accumulations at Chicago. Rye was lower. There were some nice rains reported in Iowa that seem to be moving eastward, and the weather map is favorable.

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CHICAGO, 4 June 7, 1961

As the business recovery gathers momentum, great demands upon the banks and the capital markets may be expected to increase. At the same ime, government borrowings are also likely to become heavier as a result of the arger budget deficits than had been earlier estimated. While the supply of funds has improved with savings expanding and monetary policies working in the same direction, it remains to be seen whether there has been sufficient increase to moderate the pressures toward higher rates accompanying any period of rising business activity. We are very much impressed by the continued purchases of China in the field of foodstuffs, and apparently they are seeking to buy more grain in world markets to supplement the massive purchases that have already been made in both Australia and Canada, as well as from other countries, such as France. The fact that they are trying to buy further quantities of wheat and barley would indicate that even after two poor crop years they might be anticipating continued poor agricultural conditions. Otherwise, with a crop about to be harvested, this anticipatory buying would not take place. Thus there may be another season ahead when the demand for soybeans and products may be at a high level. On the other hand, with production apt to be big and larger acreage promising finalyields in excess of last year, it may be too early to start buying at this juncture.

In Illinois, corn planting is nearly finished except in the southern quarter of the state, where it was two-thirds completed. Soybeans are more than three-fourths planted, which is several days ahead of both last year and average. Winter wheat in Illinois is generally in good condition and improving, while oats show good stands although straw frequently is a little on the short side and they are just beginning to head out. In Europe, weather is warm in most countries, according to Broomhall, and this follows on the heels of unseasonable cold. Also, theyhave had partial beneficial rains in some sections but more would be welcome. Rain is generally wanted for barley and oats but the wheat crop is holding up satisfactorily. Conditions seem to be improving somewhat in France, while in Western Germany they also have a spell of better weather and the crop outlook is more optimistic. There were quite a few overnight rains, and in Iowa they were heavy, with Des Moines reporting that central Iowa had 3 1/2 to 5 inches, while more was expected today, and chances are that it will not end until Friday. We also had some good rains in the central sections of Illinois, with 1 1/2 inches in the Bloomington area and heavy rain and storm last evening around Lincoln. According to the 5-day outlook, we shall probably have temperatures around the normal for this season of theyear, with about two-tenths inch of moisture, all of which is favorable.

The result was that at the opening this morning most markets turned lower again, and July beans dropped below the level that was reached a week or ten days ago. In Canada, there is not much relief in sight except for the possibility of some locally heavy showers in the western part of Alberta. There were moderate to heavy rains over most of Oklahoma and Texas and combining was held up, with little likelihood that harvesting could be resumed for another few days even with sunshine, as fields are quite wet. Nevertheless, we are told that at our stations in Oklahoma, approximately half the wheat coming to elevators is being sold, but there is a generally bullish feeling in the country and it is thought that even under these conditions, with the price 3 to 5¢ over the net loan, possibly only half of the arrivals will be held back.

Primary receipts of wheat were a little less than a million bu compared with 1.4 million last week and 555,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 652,000 bu.

Trade in wheat was not large and the market was little changed but there was little evidence of much hedging. Corn was inclined to be a little weaker, and trade continued to be larger in this cereal than in wheat. The main activity came again in July beans which at one time broke very sharply while the deferred months were relatively steady and the distant futures were actually a little higher. One of the industries was a fairly good seller of July beans, which ran the market into stops, but there was support on breaks. Flour sales were slow and The Southwestern Miller claimed that most bakers were well covered for this late date in the crop season, and seemed eager to work toward getting their balances down before the new crop bookings started. Meal, which has been extremely weak at one time also showed some rallying power.

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CHICAGO, 4 June 8, 1961

The administration has decided to support a conventional one-year heat program as a stopgap, and in effect this would be somewhat similar to the eed Grain Program for corn except that in the case of wheat it would not apply ntil the 1962 crops are harvested, and it would set a minimum support price at bout $2.00 a bu as compared with $1.79 this year. Farmers would have to put the dle land into soil conservation uses and for the required 10% acreage reduction they ould receive payments amounting to half the support price they would normally eceive for wheat grown on the idled land. If they cut as much as 30% more of their creage then producers would be paid government-owned surplus wheat in amounts qual to 60% of normal production of the retired land. It is also likely that the corn rogram, which originally was only an emergency step for one year, will be extended or an additional twelve months.

Hearings on the wheat program are scheduled for next Wednesday nd Thursday, and in our opinion there has already been some buying in anticipation f the adoption of measures just discussed. May wheat, which is already selling at 2.04 per bu, must already discount a higher loan next year but as in the case of orn the government would be required to sell from its holdings rather large quanities and to that extent there are some bearish factors that will partially overcome he smaller production. If the Feed Grain Program is effective for a two-year eriod, we are all the more certain that in order to meet the monetary requirements, overnment selling of corn and sorghums will have to be on a fairly liberal scale, nd with this in mind one must have certain reservations before making hurried urchases in either of the grains that will be affected by government action.

Overnight weather news was quite optimistic and rains were reported ver wide areas. The weekly crop bulletins were on the whole favorable, and in owa corn is virtually all planted with 90% of the beans seeded. In Nebraska 90% f the corn is already in the ground, while planting of grain sorghums and soybeans as moved ahead rapidly with two-thirds of the sorghum and three-fourths of the oybeans already planted. Winter wheat prospects continue generally excellent. The Missouri report tells of small grainsmaturing rapidly with sun and warm temeratures, but no significant acreage has been harvested yet. Corn planting is bout three-fourths completed, while half the soybean crop is now in the ground. There is some lag in corn plantings in the state of Kansas where work is about 65% ompleted and sorghum plantings are about 29% finished. Soybeans are 39% planted.

There was more rain in parts of Oklahoma and some moisture also ell in Texas, so that little or no combining has been done. When it is resumed we elieve that harvesting will spread over an unusually wide belt all at the same time, nd this should undoubtedly give us more pressure that we are getting at present. There was not much rain in Canada although a few showers were reported last night n Northern Alberta, Northern Saskatchewan, and Southern Manitoba, but on the whole these were said to be rather disappointing, and total amounts of moisture received were quite small.

U.S. wheat and flour shipments, according to Broomhall, were 12.6 million bu for the week and the total since last July was nearly 610 million bu, or 156.7 million above last season. Corn exports for the week were also heavy at 6.6 million, and the total since last October amounted to practically 191 million vs about 142 million a year ago.

Primary receipts of wheat were a little over a million bushels which was slightly less than last week but nearly double that of last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1.1 million bu.

Wheat futures were very firm with more strength in July than in the deferred months. This was in sympathy with a higher market at Kansas City, and it seems that there will be a new Gulf export wheat rate from certain origins in western Kansas, eastern Colorado, Nebraska and Wyoming being put into effect. It should actually be more bullish on Kansas City futures than on ours. Beans were lower with products down and Minneapolis told us that it was their understanding that about 2 1/2 to 3 million bu of unsold beans in that area were on hand, and that there was a possibility that some might be diverted to Chicago, but it was difficult to say. Corn was very little changed. There is a rather bullish sentiment in oats, but with the general feed situation being as it is, we find it difficult to enthuse on the constructive side of the market.

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CHICAGO, 4 June 9, 1961

Because the U.S. has achieved the highest living standards of any ountry, do we often suffer in competition with other lands. American wage-earners re easily the highest paid on the face of the earth, so that both from a production nd remuneration standpoint will it be more difficult to raise these levels in the fuure. For example, foreign competition has hurt the automobile industry even ith the advent of compact cars, because foreign labor, as well as raw materials, s cheaper and the only protection to our own industry would be to institute the igher tariffs, which as we have found out, can be harmful, especially when we are onstantly trying to gain the friendship of those in other countries. Skilled workers 1 the U.S. earn on an average $3.45 per hour compared with $1.18 in Germany, lightly less in England, and as little as 83¢ in Italy. Often productivity per worker in the U.S. is as great relatively as the ratio of earnings versus a European ounterpart, but this gap, too, is being swiftly narrowed, especially with the adapttion of modern machinery in other lands. Even office workers in other countries arn far less than they would in the U.S. but again the gap is being narrowed, as apid improvement is being made toward industrial modernization and productivity, articularly in Europe, in the last decade. These fruitful results can be easily neasured, and we have felt repercussions of this in agriculture where farm output ften has suffered to the extent that many countries are gearing themselves more oward industry, often at the sacrifice of farming. What has happened is that they ind themselves better equipped to purchase more of their food requirements from he U.S., Canada, and other export nations.

It is usually difficult to predict the end of a liquidating market, nd in soybeans such is the case. The large open interest must decline between ow and expiration of the July contract. Certainly the acreage planted to beans his year has broken previous records, and the crop is off to an excellent start, so hat production could be well in excess of the 600 million-bu mark, which means hat new crop months might also decline during the summer months. Except for echnical rallies, there still seems little incentive to purchase old crop beans, as oreign demand seems to be on a hand-to-mouth basis, which will be even more aparent as time goes on.

The Quaker Oats Company wrote a generally glowing report about ill growing crops and mentioned that moisture has been received in most areas where it was needed. Yields per acre of winter wheat in Oklahoma and Texas have oeen exceptionally good and the Kansas crop is rapidly nearing completion, so that narvesting will expand in the weeks ahead. The one possible exception in the enire country is the state of Washington, where an epidemic of rust has occurred,but aking the country as a whole the next government forecast, according to this source, should be larger. In the same report it was stated that for the most part corn has oeen planted, which was an easier job this year due to the reduction in acreage and with warmer weather the past week, germination has been termed excellent. The one spot on our Continent where moisture is very definitely needed is in Canada, where temperatures had been in the high 90's for several days, which is unseasonal. In some areas, particularly the southern districts of Alberta and Saskatchewan, condition of crops is serious. Overnight weather continued dry, but temperatures dropped.

Soybeans were erratic much of the morning but rallies continued o run into opposition and closing prices were lower. According to the USDA world soybean output this year will jump well over the 1 billion bu mark, and of course the U.S. contributes by far the major proportion of this supply, which will be a good deal larger than in 1960 because of the higher support price as well as the government feed grain program. Red China, our nearest competitor, is expected o hold soybean planting to last year's estimated 24 million acres which netted 350 million bu, a below average crop, but poor weather was a contributing factor. Wheat was firm early as wet weather in the Southwest has delayed harvest, but reactions occurred near the close and a government report will be issued today. Corn was weak as it becomes more apparent that CCC selling might be tremendous in the coming 12 months not only insofar as out of condition grain is concerned, but also because huge amounts of the yellow cereal must be marketed in order to gather funds to reimburse CCC for the amount necessary to finance the Feed Grain Program.

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CHICAGO, 4 June 12, 1961

After the close of the market on Friday, the government published its June report, estimating the winter wheat crop at 1,120 million bu, which was about 3 million over the final figure of last year. The spring wheat production is estimated at 222 million bu, or a decrease of 24 million from a year ago, and actually 32 million less than the ten-year average. Production of spring wheat is based on March intentions, so that there could be final changes even without any variation in the yield. The over-all production of 1,343 million bu is down 20 million bu from last year, while the condition of rye is given at 88% of normal, which was the same as a year ago and five points higher than the ten-year average. For individual states in the winter wheat areas, crops are yielding well, althoughKansas is down to 275 million bu, which is 15 million lower than last year but this is offset by Nebraska, which is 15 million bu greater. Oklahoma is 6 million smaller but Texas is 9 million larger. In the soft winter wheat belt, Ohio will probably raise about 6 million bu less than last year but Indiana should raise a slightly larger crop. Michigan will also raise 4 million bu more and for Illinois there is an indicated increase of about 7 million bu.

As a result we had a slightly lower opening in wheat and weather in the Southwest was mostly clear, so that harvesting operations should be in full force in another week or so. The corn market opened a little lower even though prospects for the coming crop are well below last season. Some officials in Washington estimate that we may raise only 3.5 to 3.6 billion bu vs. last year's production of 4.3 billion. The sorghum crop will also be cut to about 450 million bu compared with last year's return of 637 million bu. It should be noted that this program, while viewed as optimistic from point of view of Secretary Freeman, is a very expensive operation and the amounts of money paid out will probably be startling.

Poultry prices this spring declined sharply as supplies reached record levels. Broiler prices have fallen to the lowest level since records were kept in 1940. The turkey production is reaching a record high this year, and estimated turkey hatchings for the first five months total 79 million poults, which is 27% more than last year. Turkey prices received by farmers in mid-May declined to 21.5¢ per lb, which was the lowest for any month since 1942. Altogether, this is not a very satisfactory outlook for feeders and they seem to be no happier than the cattlemen who are likewise influenced by smaller margins of profit.

Weather over the corn belt was satisfactory, and according to the five-day outlook, we should have temperatures ranging from 5 to 8 points above normal, while precipitation will total one inch or more, and there is a chance for almost daily thundershowers, which is about perfect for this seasonof the year. In the Southwest clear weather has prevailed and combining has already been resumed at a few points but it will take another day or two of warm weather to dry out fields.

Word came from Canada that early sown crops on summerfallow were standing up well in spite of the heat but that stubble crops are showing signs that they need moisture very soon. The late sown flax crops are germinating unevenly. Over the week-end there were scattered showers over all three Provinces but they were mostly light, although locally heavy at one or two points, particularly in Northwestern Saskatchewan and Northern Manitoba. What they need up there is general rain, which is such an important factor during June.

Chicago wheat stocks declined 433,000 bu during the week leaving 3 million bu here. Corn showed a slight increase and beans went down 441,000 bu which leaves us with 11,249,000 in our market.

There seems to be a big short interest in June Gulf wheat, and as a result there is not much pressure yet, and it may not develop until later in the month when the movement starts in northern Oklahoma and southern Kansas. Also with increased storage capacity we seem to have less hedging pressure every year. Wheat was rather firm but beans had a sharp decline, and today it was not only July beans that suffered, but selling also came into the new crop months. The spread between September and November narrowed, and in our opinion this will continue. There seems to be very little new export business in beans, and the clearances will be given this afternoon with probably less shipped than last year. There was a little buying of corn on the break, but nothing of an aggressive nature. Oats were firm but rye was weaker. Meal was also under pressure.

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CHICAGO, 4 June 13, 1961

July soybeans are far less vulnerable now that they have declined more than 70¢ per bu from their crop high. As a matter of fact, this old crop future may be worth some small premium, depending largely on whether Chicago supplies are in good demand next month. Weekly exports continue to compare unfavorably with last year, and for the week ending June 9th, inspections amounted to 2.8 million bu vs. 3 1/2 million during the same week in 1960. However, since October 1st clearances are still 5.3 million bu ahead of the previous season. Present weather is excellent for early growth as it has been hot and humid over most of the grain belt, with rather general moisture forecast although temperatures are expected to moderate in the next 24 hours. According to the Soybean Association, over 27 million acres of soybeans probably were planted this spring and even this seems to be a conservative figure as the $2.30 loan was an incentive to farmers to increase their land for this commodity by a considerable amount over last year.

Soybeans, along with wheat, were a contributing factor to the 22% rise in foreign shipments last year. During 1961, exports are expected to continue possibly at a little better rate than during 1960, which was a record-setter based on an increased volume of goods shipped amounting to $4.8 billion worth. Average prices for various commodities were little changed but again it is important to point out that poor crops in China and parts of the USSR resulted in an improved demand for American products.

Harvesting of winter wheat will expand in the weeks ahead and first indications are that producers will attempt to store as much of this cereal as possible in order to take advantage of the support program. Nevertheless, supplies are large enough so that prices can be expected to weaken further as hedging becomes evident, and undoubtedly a fair amount of speculative buying has already occurred by those who expect a government program to be passed in the near future. Now it appears as though wheat may be divorced from the omnibus farm bill, as there has been too much disagreement to expect affirmative action in time for 1962. It is, therefore, stated by most Washington advices that a plan similar to this year's Feed Grain Program will gain approval; in other words, a one-year mandatory 10% cut in allotments, with payments of 50% of normal production on idled acreage, plus further voluntary cuts, might be voted into law.

Regarding this year's corn crop, a few calculations can be made on basis of known statistics up to this time. Assuming that 20 million acres are idled and taking the national average of about 52 bu per acre, it would be possible to figure on a reduction of more than a billion bushels in comparison with last year's corn output. In other words, it is conceivable that this year's corn crop might amount to around 3.3 billion bu, and consumption the past two years has been about 4 billion bu. Of course, the CCC must sell 700 million bu of the yellow cereal in order to finance the Feed Grain Program, and out-of-condition sales might amount to another 200 million bu, so that total available supplies could amount to 4.2 billion bu. Of course, it must be remembered that the largest percentage of this year's crop will be eligible for the support program, which might mean that following early government sales, free market supplies could tighten.

Free stocks of wheat in Chicago decreased 433,000 bu during the week leaving 3 million, but it must be remembered that within a month or so local supplies will start to build up as harvesting moves northward. Corn supplies also increased 301,000 bu locally to 12 1/4 million. Most attention was again focused on soybeans which were erratic, but a better undertone prevailed for a while and now that July has traded within 15¢ of the September, certainly longs will be more reluctant to liquidate and shorts should be interested in some profit taking. Also commercial demand could improve, but no substantiation of this has as yet been displayed. Other grains did very little and were mostly about unchanged. There continues to be selling in July corn versus the purchase of December as it is thought that constant offerings by CCC will result in the availability of free supplies to the degree that carrying charges will prevail.

Primary receipts of wheat totaled 1.1 million, a little less than last week but about 300,000 more than a year ago, and of course these will pick up as harvesting expands. A private report from our Northwest indicates that Minnesota crops are making excellent progress while hot, dry weather, particularly in North Dakota, has depleted subsoil moisture.

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FORT WORTH GRAIN EXCHANGE
CHICAGO MERCANTILE EX.

CHICAGO, 4 June 14, 1961

Secretary Freeman appeared before the Chairmen of the House
d Senate Agriculture Committees a few days ago to discuss wheat problems. Un-
er a study made by the Department of Agriculture, it is proposed that wheat allot-
ents for 1962 be cut by 10%, while at the same time raising farm support levels
d providing the opportunity for voluntary diversion of additional wheat acreage. Mr.
reeman feels that unless something is done our carryover reserve by 1965 will ex-
eed 1,800 million bu. By cutting down production it is felt that we would not only
educe our carryover but would at the same time limit CCC price support activity
d reduce government costs. He claims that the proposed program could avoid
lding nearly 100 million bu to CCC stocks each year as expected under present auth-
ity, and with moderate supply adjustment would reduce the existing carryover by
ightly more than 100 million bu each year. This seems to be the main thinking in
ashington at the present time and reference has been made to the 1961 Emergency
eed Grain Program, which appears to provide a pattern of results that may be
chieved. The mechanics of program operation, of course, will be somewhat different.

Before our market opened this morning, there was an A. P. re-
ease that two of the dozen unions involved in negotiations with the nation's major
ip owners had reached agreement on a new one-year contract. A general maritime
trike which could affect as many as 80,000 men and 800 ships has been threatened
r tomorrow night. The new pact just reached affects 51 ship companies operating
87 ships. It does not include a wage increase but gives the two unions the right to
rganize foreign flagships owned by the companies. July beans opened sharply high-
r and this had some influence also on the deferred months. There have been a num-
er of lake shipments from here to Ontario, Canada, and since yesterday afternoon
is claimed that soybean loadings to Canada have amounted to 455,000 bu. Japan
as also said to have purchased 200,000 bu U.S. soybeans, which added further to
arket strength.

According to the University of Illinois, in a study made, the
eed grain acreage retired may finally be less than the acres signed up. Some farm-
rs may decide not to participate, while others will retire less than the maximum
umber of acres listed. However, the drop-out seems likely to be fairly small. There
re, of course, some non-participating farmers who will increase their corn acre-
ges, while some farmers will also use more fertilizers and adopt other yield-
oosting practices. Disappearance of corn for the past two years, including domes-
ic use and export, totaled about 4 billion bu, so that if we have a crop of only 3.6
illion bu, it will take good quantities of government selling to make up the differ-
nce, particularly if there are large loan entries from the next crop. The study by
he University also points out that disappearance of corn varies with price changes
nd that more is utilized when the price is low. They figure on an increase this com-
ng season of about 100 million bu over the year before.

The Illinois weekly crop bulletin spoke of corn planting, which
hey said was completed over much of the state and is four-fifths sown in the south-
rn quarter. Soybeans are almost nine-tenths planted. The season is generally
ive days ahead of average and ten days ahead of last year. In Nebraska, corn plant-
ng is in the final stages; much of the crop is up, but cultivation has been delayed
y wet weather.

Primary receipts of wheat were 1.1 million bu which was a
ittle more than last week and considerably more than last year. Kansas City and
Minneapolis stocks so far this week show a decrease of a little more than a million
ushels.

The wheat market was a rather quiet affair and there was very
ittle hedge lifting despite the fact that 10 cargoes of wheat were sold to Brazil for
uly shipment. July beans were firm all during the session and at times the market
an into stop loss buying, and the close was at best levels. Meal and oil were con-
iderably higher, and we also had some commercial buying of July beans by a pro-
essor. The deferred months advanced little in comparison. Rye was higher, but
here was no particular news to account for the strength. Corn was a little higher
hich is only natural after several days of weakness. Some of the elevator opera-
ors continue to change over hedges with buying of July against sales of December.
Wheat harvest in Kansas is expected to speed up considerably this week, weather
ermitting.

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CHICAGO MERCANTILE EX

CHICAGO, 4

June 15, 1961

The House Agriculture Sub-Committee has unanimously agreed
o extend the present feed grain control program for one more year. Since there is
very good chance of this being passed, it is important to note that a major change
s anticipated. At the request of the Agriculture Department, the Sub-Committee
eleted the mandatory requirement that surplus feed grains be moved into commer-
ial channels in order to cover costs in 1962. Some CCC stocks would be sold but
t has become apparent that in order to pay the $680 million required to finance the
eed Grain Bill in the coming year, so much grain would have to be sold that free
narkets would be disrupted. In other words, the Department wants to sell enough
orn to discourage noncompliance, yet not so much as to encourage greater im-
oundings, thus adding even further to government surplus supplies, and ending in
ven larger expenditures. This is one more step toward complete regimentation
nd could all but eliminate any fluctuation in corn prices, which more than any gov-
rnment plan is the best control for supply and demand.

The American farmer is told what to grow and how to market it,
nd the only freedom of choice left is the threat by federal agencies to depress
rices to a level that will make the grower regretful he has not complied, because
he government agency will sell grain in competition with him in order to prevent
is getting a better price than the confirmist. The only thing more frightening than
his type of legislation is the fact that the American public has become complacent
nough to permit it. Rugged individualism is quite dormant and it has become a
imple thing to take the path of least resistance, especially when politics is involv-
ed. It has become acceptable for the Justice Department to prohibit private price-
ixing when special interests are to be considered, but when the government does it,
here is little opposition because every group, (the farmer, the consumer, and the
axpayer) is hurt to the same degree.

Soybeans had an easier tone at the start as negotiations for set-
lement of the maritime strike evidently have broken down and unless an agreement
s reached, all ports will be tied up at midnight tonight. Should a prolonged walk-
out occur, exports naturally will be stopped, and this would prevent shipments of
oybeans, and there is no telling at this writing what will occur but certainly the
narket will be influenced by the outcome.

On the other hand, wheat was firm as additional moisture was
received in the Southwest and though the quality of the crop will hardly be affected
y the heavy rainfall of the past few days, hedging pressure certainly will not come
ntil harvesting operations can be resumed. If enough precipitation occurs, possi-
ly the quality of wheat might be affected. Otherwise, it probably is too early to
nake speculative purchases.

It is expected that a wheat plan somewhat similar to the Feed
Grain Proposal will be adopted and acreage restrictions might be voted into law for
962 but this should have little effect on the nearby. A good deal of export business
s contemplated with both Chile and India expected to buy big amounts of hard win-
er and soft white wheat overnight. Brazil has requested offers of 150,000 tons of
nard wheat. The President has ordered a hurry-up investigation of rye imports to
letermine if quotas which expire on June 30th should be renewed.

With three weeks to go wheat exports for the season total 619 million bu vs 476 million as of the same date a year ago. This, of course, is by far a banner year and means that very close to 650 million bu will be shipped. Clearances of corn since October 1st are well ahead of last year and amount to 197 million bu. Oat exports since the start of the season amount to 26 million vs 40 million during the same period last year. Rye clearances are 7.4 million compared with 5 million during the previous season.

Late in the day soybeans became weak and products, too, were under considerable selling pressure, particularly the oil and even though a few parcels of soybeans have been sold for shipment overseas, if the maritime strike goes into effect and lasts for any length of time, prices could decline a good deal more.

Wheat stayed strong most of the morning and commercial interest is also active in the Southwest. Concern is still shown for conditions in Western Canada where it has been mostly warm and dry.

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CHICAGO MERCANTILE EX.

CHICAGO, June 16, 1961

Secretary Goldberg had no success in trying to settle a contract dispute between the shipping companies and the seven striking unions. The ships involved handle the bulk of the tankers, dry cargo ships, and other seagoing craft flying the American flag. Cf importance also are the passenger ships, but the trade had been hopeful that last-minute negotiations might not fail. A major issue in the dispute is the union demand for a right to organize and represent the crews of American-owned ships that fly the so-called flags of convenience, most of them registered under the flags of Liberia, Panama, and Honduras. It was almost a foregone conclusion that the bean market, which had been weak yesterday, would be further affected by this news, but first quotations were just a few cents lower for the July contract.

The trade is watching rather carefully weather in the spring wheat areas. There was no moisture of any consequence over Western Canada, and a hot, dry weather forecast with temperatures expected to be in the 90's is not what is wanted this early in the season. We also have a situation in North Dakota, and according to a Minneapolis paper, the North Dakota Disaster Committee on Wednesday had recommended that the entire state be declared a drought disaster area. They said that every county had some disaster areas within its boundaries and that the only way to get help to all areas that need it was to ask for the designation for all 53 counties. Subsoil moisture has been very light due to a dry fall and winter, and the effects of an abnormally hot, dry, and windy spring adds to the troubles that now exist.

The Quaker Oats Company report told of warm, muggy weather, which was not too pleasant to human beings but was certainly good for corn and beans. With very few exceptions, moisture condition for these crops was excellent in all of the heavy corn and soybean producing areas of the country. They also point out that in our Northwest the spring wheat, barley, and oats were for the most part not faring so well. Only scattered showers had fallen throughout that area during the past three weeks, and there were no reserves in the ground. They admitted that during the past few days there had been scattered showers but this entire northern area now needs a general soaking rain and needs it immediately.

We have been pointing out in our gossip that the new wheat program, which is intended to cut production in 1962, does not make any special provision for certain types of wheat that have been in more or less normal balance. We have not had an excessive carryover of red wheat in several years, and , in fact, at times the May future in Chicago has expired at a big premium, indicating a close adjustment. If the soft red winter wheat is materially cut next year, it could mean a loss of export trade, or if continued under P.L. 480, it might mean that our own mills would have to grind less. The big surplus seems to be in hard winter wheat varieties and to try to cover all situations with a uniform clause does not seem to be in the best interest of our processors and of the general welfare of those consumers who normally use a soft wheat variety for specific needs, such as baking of biscuits, etc.

Primary receipts of wheat were close to 1 1/2 million bu compared to a little more than a million last week, and only 877,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 951,000 bu. When the visible supply is posted on Monday it may show a decrease and will compare with an increase last year of 110,000 bu.

Trade in wheat was not particularly heavy. The volume yesterday expanded but today's market was quite indifferent although it seems to be clearing in the Southwest, and before long we should have some additional pressure. Corn was a little lower, and it seems to be the old story, namely a small crop in prospect but continued government selling. Oats were also lower and rye, which had advanced during the forepart of the session due to adverse weather northwest, met with some realizing sales. The big trade was again in July beans. The market went into new low ground for this turn, but there was a sharp rally on a report that it was believed that the President would not tolerate a long maritime strike, and possibly within a short period would use powers to cope with the emergency. Flour business was still slack with inquiries limited while the important mills, according to The Southwestern Miller, were unwilling to quote ahead until more was known with respect to hard winter proteins.

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CHICAGO, 4 June 19, 1961

Except for the Northwest, weather over the week-end was almost perfect. It was clear in the Southwest, which is what they wanted, except for ome extremely heavy rains in parts of Texas, particularly around the San Angelo rea, but there was also a deluge of moisture in the Fort Worth-Dallas districts, vhich ranged from 2 1/2 to 4 1/2 inches. Here in the corn belt we had nice moderte temperatures and clear skies, all of which enabled farmers to finish up odds and nds, whichheretofore had not been completed. As far as Canada is concerned, they vere less fortunate. There were some showers in Alberta but otherwise weather ontinued dry and last week's crop reports from Manitoba were on the pessimistic ide. Actually some areas in that Province have had little or no rain during the ast month.

The thing that affected our market the most this morning was ne maritime strike, and on Friday there had been hope of a quick settlement. It was eported before the opening that the gulf between owners and striking maritime unions had widened considerably over the week-end, amidst some outcries of bribery nd other accusations which apparently had scuttled all efforts toward a quick settlement. In these circumstances, it was not surprising that July beans, which had risen sharply on Friday, reacted this morning as longs liquidated.

According to the U.S. Foreign Crops and Markets, there is very likelihood that Argentina will increase her exports of grain sorghums. She has lever been a big factor in this field and annually has shipped about 5.2 million bu,but his will be stepped up to about 9 million. In any event, this is far behind the U.S. vhere our shipments have run anywhere from 29 million in 1956-57 to nearly 100 nillion in 1959-60. The U.S. is by far the largest world exporter of sorghum, but Argentina is second in the field. They are making strides, however, in the Southern Hemisphere, and from 1956 through 1960, the Argentine grain sorghum production ncreased threefold to nearly 31 million bu. Her output is estimated now at 46.3 million bu which compares with 637.7 million for the U. S.

Sometime this week the Congress will take up the Agriculture Bill and there is no use in discussing it in detail at this point because so many recommendations and changes are being proposed. Secretary Freeman in a very recent speech said that he was seeking legislation contemplating flexible agricultural programs, geared to adjusting our abundant farm productivity to both essential needs at home and abroad and a decent income for those who produce to meet those needs. We are certainly 100% behind him in these endeavors but, of course, the big question s how we can best attain those goals and still preserve the free market, while at he same time trying to prevent our agriculture from becoming socialized. Furthermore there are not many producers in this country, who want to be told how much to grow and when they can sell.

Chicago wheat stocks decreased 185,000 bu which still leaves 2.9 million bu here. It should be enough to take care of the consumptive trade until new supplies arrive. Corn increased 435,000 bu to a total of nearly 25 million. Chicago soybean stocks went down 743,000 bu, but there is still 10.5 million bu here.

After mid-session Labor Secretary Goldberg was said to have abandoned at least temporarily his personal efforts to work out a truce in the maritime strike. He felt that settlement could be effected better if left to Federal mediators, the ship owners and the unions. In any case beans had a fairly substantial rally, and there was both stop loss buying and short covering. Corn was on the weak side, and one of the large locals was thought to be liquidating. Wheat and rye were very strong. Part of this was due to the dry weather in our Northwest and in Canada. The rye crop in North Dakota ranges from 2 million in a poor year to nearly 7 million bu in a good year so naturally it makes quite a difference what that one state may grow. There was moderate spring wheat flour business as a result of the Minneapolis strength, but no apparent improvement for hard winters. The Tariff Commission announced that on July 11th it would hold hearings in connection with its investigation to determine whether rye or rye products should be imported after June 30, 1961, under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with the price support program for rye undertaken by the U.S. Department of Agriculture.

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CHICAGO, 4 June 20, 1961

Export inspections of soybeans last week amounted to only 1.2 illion bu compared with 2 1/2 million during the same week in 1960, so that total learances for the season are now only 4 million ahead of the similar period during e previous reporting year. The USDA has stated that exports during the present rop year will be very little more than the 141 millionbu shipped during 1959-60, nd it may be that a good deal of foreign interest might be tempered by the fact that rices have been high during the early months of the present calendar year, and urchases probably in some cases are being held over until the new crop is harvest-d. At any rate, seldom since 1946 have seasonal shipments of soybeans failed to nlarge from previous years, and when we compare the totals, it is indicative of rojections that soybeans are becoming a popular worldwide commodity and inter-ational usage should increase in the years ahead. During 1946 and 1947, annual learances were less than 3 million bu, and as late as 1953, amounted to 41 million, o that in seven years more than 100 million bu has been added annually to the mounts sent from our shores. The importance of this has been felt dollar-wise, s only $9 million was involved in 1946, whereas in 1960 the value of soybeans ex-orted totaled $335 million, and whenconsidering the increase in foreign usage for oybean products, this commodity has certainly become a crop of major importance.

Bean prices were easier this morning because of the reduction n weekly exports, but there is some concern that, due to the maritime strike, pos-ibly a Taft-Hartley injunction would be invoked, sending workers back to their jobs or an 80-day cooling-off spell. Even so foreign inquiry for U.S. beans has been ight, and with Chicago supplies around 10 1/2 million bu, further liquidation might ccur, especially since the crop outlook is so good. Moisture was fairly general hroughout the corn belt overnight, and some areas even complain of weeds due to he excessive precipitation during the growing period. The reverse is true in our Northwest where it remains dry, and, as a matter of fact, no rain is indicated for he Dakotas, but the possibility of some moisture is indicated for Montana, which lso is in need. Our rye market has been firm because of the near-drought condi-ions in some areas, and reports from Canada are pessimistic, insofar as Saskat-hewan and Manitoba are concerned, where subsoil shortages have resulted in poor asture conditions and the danger of crop losses. Some scattered showers were eceived in Alberta during the past 24 hours.

It might also be mentioned in connection with rye that yesterday's strength was attributed in part to the possibility that a quota on Canadian imports robably will be announced, but maybe not before July 13th. Evidently our Presi-lent has the choice of establishing a quota, thus protecting American growers, or ermitting free trade with our Northern neighbors, which would benefit relations etween our two countries, and certainly the question of quotas on Canadian rains has caused hard feelings among Canadians.

The Department of Agriculture announced that commodity and erminal price support rates for 1961 rye had been raised 12¢ on a national aver-ge basis to $1.02, which means that the terminal support in Chicago figures $1.31 s. $1.19 in 1960.

Markets were mixed with rye somewhat higher but the main firm-ess was in wheat where concentrated buying by commission houses set off stop ss orders and some traders attributed the strength to the possibility that an creage retirement program similar to the feed grain bill will be voted for the 1962 heat crop. Corn also was influenced by short covering, and a large chunk of this ereal, presumably owned by a local trader, was sold to elevator concerns in Chicago esterday and this morning, so that the probability of deliveries are apparent, and uly continues to lose ground on the December. This might continue as free stocks f corn in Chicago amount to more than 11 million bu.

Products were influential in causing selling orders to enter the ean pit where prices were under last night's close all morning. Meal and oil were retty well liquidated for a time, and evidently some warehouse receipts of beans ave been sold by speculative interests to elevator concerns, and it is also possible at tenders might be made on the July bean contract the first of next month.

Primary receipts of wheat amounted to 2 1/4 million bu vs. 1.1 illion last week and 1.4 million a year ago today. Kansas City and Minneapolis tocks decreased 701,000 bu so far this week.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 21, 1961

The Senate late yesterday passed an appropriations bill for more
an $7 billion to operate the nation's agricultural programs for the next twelve
onths. This is the biggest agricultural bill in history and is about $2 billion great-
r than last year. Much of the money will, of course, go toward reducing acreage
nd the payment to farmers for compliance. We are not altogether certain in our
wn minds whether this is a safe step, even granting that we have had tremendous
ccumulations over the years. In a world such as this it is not safe to let anyone
ink that Americans want to reverse the technological revolution. We are living in
world where somebody starves to death every six seconds. The only hope there is
f reducing the cost of food and everything else that the world's people want is to
et food drop to a level that the consumer in foreign countries can afford. What we
re actually doing amounts to holding back production while at the same time rais-
ng prices out of the world's reach and then trying to win favor by giving part of the
urplus away.

We have been advocating for many years that it would be far bet-
er if we let supply and demand factors function properly, and, if necessary, grant-
ng farmers a subsidy to bring their total income up to the desired level. We re-
lize that the men who are producing our abundance have to earn a living just as
veryone else does, but after all one only earns a living by trading his work for the
ork of others. If one man is paid to keep his work off the market and another is
iven part of that work as charity, neither has earned his living. Surely we cannot
ake good our claim that our way of life is the answer to the world's problems,
hile our soil, our machines, and our manpower are less than fully employed in
eeting human needs. Only if the benefits of increased productivity are allowed to
perate through prices that fall as well as rise freely, so that demand and supply
an balance, can there be prosperity for the growing numbers of producers and the
rowing numbers of consumers. This has been the American way of life and it was
ecause men like Henry Ford and F. W. Woolworth found ways to produce abundance
hat we could find a way to distribute those products cheaply so that everyone was
ewarded. We have always gone on the theory that each of us has expected a fair
eturn for his services. A fair exchange is surely no robbery, but the converse is
lso true. The rest of the world is waiting for the sunrise in which freedom from
ant can become a reality if we will help the technological revolution along instead
f trying to abort it.

The Census Bureau Report was issued early this morning. Bean
rushings were 34 1/4 million bu, which was a little more than had been expected
ut stocks held are 64 1/2 million vs. 46.8 million last year. Season's grindings
re 14 1/4 million greater. Actually we construed the report as slightly bearish
lthough beans opened higher, and shortly thereafter declined. Meal stocks are
lsohigher than a year ago.

According to Broomhall, moderate to generous rains fell over
any European countries during the past week and in most instances this was fav-
rable for growing crops. In some sections the rainfall was considered excessive,
nd it was again too cool in several countries for satisfactory development of crops.
hile there was some rain in northern Oklahoma and also scattered points in Kan-
as, which impeded harvest, there was a considerable amount of combining done
n Kansas, Oklahoma, and Texas, as well as in southeastern Missouri.

Statistics were of little importance today. Some attention was
aid to the fact that the Canadian dollar broke sharply after the Ottawa government
ntroduced its budget for the fiscal year. The Finance Minister stated that the rate
ill certainly be lower than it has been of late, and it may be appropriate for it to
ove to a significant discount under the U.S. dollar. As a result the Canadian
heat Board announced an advance of 5¢ a bu in Canadian funds for all grades of
heat sold for export. There was a sharp advance in the Winnipeg flax market al-
hough best prices did not hold. July beans were finally lower with the products
ut the deferred months were relatively firm. Corn was without much feature, but
heat was lower in spite of rather adverse weather conditions in our Northwest and
n Canada. The Illinois crop report stated that the corn condition had shown a sub-
stantial improvement over a week ago and is now above average and well above
ast year. Soybeans are generally in good condition and look much better than a
eek ago, particularly in the eastern half of the state and in the south.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 22, 1961

The Secretary of Agriculture has restated administration aims
or agriculture, and we find them generally similar to those of their predecessors.
f course, most Americans want pretty much the same things, but the main prob-
em in this country, as mentioned by the Attorney General in a Chicago speech last
ight, is that the responsibility for sacrifice is constantly shifted from group to
roup. For example, the businessman wants the farmer to give up something, while
e farmer claims his income has fallen in relation to the industrial worker. Politi-
al corruption has become a major concern in our country today. Yet where in-
ividual favors are involved, people are often willing to wink at the obvious, and
ertainly when we preach democracy to the rest of the world in the hope of witness-
ng freedom among new nations, such as the African Colonies, we present a weak
ront at home because we have not solved our human relation problems in the one
undred years since the Civil War. Mr. Freeman's suggestions for agriculture can
eally apply to all segments of America when he says we must become salesmen for
arming's contribution to our high standard of living. Secondly, a successful pro-
ram for agriculture must take into account our entire economy, serving producers',
onsumers', and foreign buyers' best interests and promoting our positicn of lead-
rship in the free world.

Some rains occurred in the Northwest, including scattered mois-
ure in the Red River Valley but many vital areas are still dry. Apprehension has
een shown for conditions in Canada and the Canadian telegraphic crop report
laims serious deterioration is in prospect for wide areas of the Prairie Provinces
lue to high temperatures and lack of precipitation. Immediate relief even in the
vorst affected areas would permit a recovery. Weather is almost ideal throughout
our corn belt and the state reports are again mostly glowing. In Iowa, cultivation
of corn and soybean fields is nearing completion. In this and other states excessive
moisture has resulted in weeds and in a few spots both corn and beans have been re-
planted but this amounts to only a small percentage. Winter wheat is nearing matur-
ty in Nebraska but harvest is about two weeks away and is slightly later than usual.
Here and in southwestern states, warm, dry weather would be preferable, especi-
ally insofar as harvest is concerned. This is true in Kansas where rain has caused
delays but the outlook is excellent. About two-thirds of the wheat crop has been
gathered in Oklahoma.

The USDA has inaugurated a completely new soybean loan con-
cept by extending storage loans and purchase agreements to Cooperatives. Price
supports will be made directly to soybean Cooperatives on eligible soybeans pro-
duced by Cooperative members and marketed through the associations, which sup-
posedly would make available to producers benefits that can be derived from im-
proved marketing and processing methods in Cooperative operations. We would
question the legality of this particular step and certainly think that it leaves plenty
of room for criticism, but as far as is known CCC's action was not discussed with
any private trade members or associations and, of course, is another discrimina-
tory step against private trade.

Wheat had an easier tone and this grain was lower in Kansas
City where liquidation and some hedging was in evidence. Rye did very little as the
dry situation is quite well known, and much depends on weather in the next week or
so, and very little moisture is forecast. Insofar as soybeans are concerned, support
was exhibited but the most impressive months were the deferred, and new crop beans
were strong. The September did not fully follow the advance of November, but this
can be expected to a greater degree as undoubtedly new crop beans will be available
n the month of September, especially if any premium is offered for early harvest,
and this spread could narrow further. Meal was weak again and oil higher.

The Commerce Department has announced that it will permit
exports of U. S. suplus farm goods to all eastern European Communist countries
f the sales are made for hard currencies. This will not affect Red China, North
Korea, and North Vietnam where complete embargoes are in effect. There was
little export business except for a sale of wheat to India and more business is ex-
pected with that country. Some parcels of beans were sold but nothing substantial.
Except for constructive legislation on wheat and a one-year extension of the Feed
Grain Program, there is little hope for the Administration's omnibus farm bill.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 23, 1961

Before our market opened this morning, it became known that ecretary of Labor Goldberg had proposed a 60-day halt in the maritime strike. here was no immediate official comment from either side, but the plan was given good chance of stopping the walk-out. As a result of this news and the continued ry weather in Canada, we had a sharply higher opening for flax. Beans continued heir advance but it was noticeable that some realizing sales took place. There was o precipitation anywhere last night inthe grain-growing areas of Western Canada nd the same type of weather is indicated for tomorrow, according to the early orecast. The Free Press Report yesterday painted a very grim picture of crop onditions over a large area of the Prairie Provinces, and it was not surprising, herefore, that Canadian prices were higher, despite little interest in the overseas emand. Here at home there were only a few parcels worked for export overnight, o that the general demand seems to be quiet at this time. We had no moisture of mportance in our spring wheat areas during the past 24 hours, although the foreast for the Dakotas is for some precipitation that will average one-quarter to onealf inch in western South Dakota and about one-half in North Dakota during the next ive days. This precipitation will occur as showers and thunderstorms early next veek. There is alsoa chance for some rains over Minnesota but what we need now fter a long period of dry weather is a good soaking rain. Minnesota could have as nuch as three-quarters of an inch in certain sections early next week, but the daily orecast is not particularly encouraging.

In other parts of our country, the news is of a more optimistic ature. The Quaker Oats report said that harvesting of winter wheat in the Southvest continues to be a spasmodic affair due to periodic showery weather over the ntire area, but despite this, the wheat harvest in Texas is about 60% completed nd 70% finished in Oklahoma. In the soft winter wheat states, harvesting has progressed northward to southeastern Missouri, portions of Kentucky and Virginia. Conditions for winter wheat are generally good but, of course, poor conditions are eported in the Northwest as drought and high temperatures have raised havoc with he crop. As for the corn and soybean territories, the rain period was of short duration and while cool temperatures have prevailed, there has also been lots of sunshine. This has permitted cultivation and a surprisingly good amount of growth.The condition of both corn and soybeans is mostly excellent in a very large portion of he main producing states of the Midwest, while in the Ohio River territory, there s still some planting of corn and soybeans.

Shortly after the opening weakness developed in oil, which rought some selling into the bean market, particularly the July future. Less attention was paid today to the recent action taken by our Commerce Department, which allowed trade with Russia and East European satellite nations on a liberalized scale. The new commodities which may be sold to the Communists include wheat, eed grains, dairy products, cotton, and rice. The Department official said that the evised policy will enable our exporters to compete with such countries as Canada and Australia for grain sales to those areas. "The Farm Bureau News," which is an official organ of the American Farm Bureau Federation, said in part:" When we use the power of government to fix prices and ration the right to produce, we substitute the judgment of government planners for the impartial operation of a marketing system."

Primary receipts of wheat are enlarging and were nearly 3 million bu which was twice as much as last week and compared with 1.5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1.4 million bu. We shall probably not have the large increase in the visible on Monday; last year stocks went up 12.6 million bu.

Wheat was inclined to be a little heavy. There was some selling of March by an elevator concern which may have been hedging, but Kansas City held relatively well. Some well informed people believe that purchases at Kansas City against sales here will work out well. Near the close the American Merchant Marine Institute, which is the largest of the shipowners' groups struck by American seamen, accepted President Kennedy's proposal for a 60-day suspension of the nationwide maritime strike, but no word has come yet from the union. Beans were rather firm and rye was higher. Corn was somewhat higher in spite of the fine crop outlook. Total impoundings are 611 million bu vs. 545 mil. in April.

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CHICAGO, 4 June 26, 1961

Before our market closed Friday, it appeared as though there ould be an acceptance of an agreement to halt the maritime strike for a 60-day ooling -off period. Later in the afternoon, the unions turned down the proposal nd the situation changed very little over the week-end. Consequently, some selling ame into our bean market at the start this morning. Later Mr. Kennedy created board for the purpose of invoking an 80-day injunction under the Taft-Hartley law. the case of the Secretary of Labor, the shoe's on the other foot, and Mr. Gold-erg was hesitant about invoking an injunction, probably for the reason that when he cted as counsel for the steel workers, he spoke out adamantly against such a tactic. he President was also reluctant to intervene as he was unwilling to alienate union fficials who supported his campaign, and for this reason it was problematic as to hat course of action would be taken. A number of shipping companies are not only ard-pressed, but in a few cases are threatened with being forced out of business. Vhen we realize that every working day our ports load $20 million worth of farm roducts on seagoing ships, further delays obviously are expensive and during an 0-day period such as the present cooling-off injunction would cover, the amount of roducts clearing our shores would be used by more than 100 different foreign coun-ries. In the past twelve months, $5 billion worth of agricultural output alone has een sent toforeign markets, representing 60 million acres. At the same time this ation imports a growing dollars' worth of goods almost annually and there is some uestion as to the right involved in the present dispute, whether to include workers n U.S.-owned ships flying under foreign flags to abide by the same terms as Amer-can union members. After all, these seamen are paid competitive scales in the reas of the world in which they work and where their rates are lower, living condi-ions, too, are well below our own.

The drought situation in Canada is becoming acute and except for few light scattered showers, no relief came over the week-end. In our Northwest, oo, concern, grows almost daily although this morning some rainfall was received n parts of the Dakotas and is expected to spread into Minnesota, but what is really eeded is a general soaking rain. A private Canadian report said that through June 2th, this season experienced one of the hottest and driest spells for many years, ollowing the very dry fall of 1960. The seven or eight-week period remaining be-ween now and harvest normally is the time when hot weather occurs. So the out-ook is pessimistic. Conditions do vary widely as some sections contain a more romising outlook because scattered showery conditions during the past six weeks ave benefited some spots. This is mostly true in Saskatchewan and Alberta.

An entirely different picture exists in our corn belt, and according to the American Soybean Association, that crop is generally up to a good stand nd is reported normal to excellent. Not until August does the government issue a ushel-figure, but in no case are there reports of acreage smaller than last year. Broomhall continues talking of smaller acreage in Europe, but recent rainfall has enefited crops.

Chicago stocks of wheat increased during the week to a total of ust under 3 million bu and of course this figure should enlarge when red wheat har-esting begins. Despite some hedging both here and in Kansas City, prices were irm and no doubt a good deal of the buying is based on the poor prospects in the pring wheat belt and in Canada. Local supplies of corn enlarged by 461,000 bu o 25.4 million. Oat supplies also increased to 3.5 million bu. There are 2 million u of rye in this market including 241,000 bu in bond. Stocks of beans decreased 77,000 but 10 million bu remain in Chicago elevators, and with 52 million bu of uly futures still open, further liquidation could occur between now and the first of ext month when tenders are deemed likely. As a matter of fact, a fair amount of elling occurred late in the session and both meal and oil were weak, and there ppears to be little buying incentive. We believe that September beans will continue o lose ground on deferred months as early shipments can be expected in September nd a small balance from this year's crop might still be here at that time. Parcels f beans were sold for August clearance to the Continent and Japan, but the main nquiry is for new crop shipment as far in the future as February. Corn was a hade lower as CCC offerings are still heavy.

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CHICAGO, 4 June 27, 1961

Soybean exports for the week were posted late yesterday showing hipments of a little more than a million bushels. This was slightly less than last veek and compared with 2.9 million bu last year. The season's totals at 109.7 nillion are running only 2 million more than the corresponding week of last year, nd with the poor European demand there is no certainty that we shall finally ship nore for the 12 month period than we did last year.

The soybean acreage has shown a sharp uptrend since the early 1930's. A major factor has been the development of new varieties. This has given higher yields in the older producing areas and there have also been some varieties which extended the size of the producing areas. Then there has been another factor, namely a shift from oats to soybeans in the corn belt. Acreage restrictions on corn and cotton during the 1950's also encouraged the boost in soybean acreage. When the restrictions were removed on corn in the late 1950's, bean acreage dropped off materially. While the crops have shown successive growth each year, we have found that during the past generation, the supply of competing products has not changed greatly. In other words, the supply of cottonseed oil has not changed much. Lard has stepped up in availability, but butter has dropped. Thus, soybean oil has accounted for over 90% of the total increase in food fat supplies since the 1930's. A major force in the sharp rise in the demand for soybeans this year has been the demand for meal which has been used extensively for livestock and poultry feeds. The European rise in living standards has also stepped up the demand for protein feeds on that continent, and there has been a tendency to feed increased livestock numbers. Thus we have been fortunate that the over-all demand for soybeans and the oil and meal obtained from beans has kept pace with the steady and sharp rise in soybean output. Even as the size of crops increased, we have never had a serious surplus in this country, and probably at the end of this season, after a banner year insofar as production is concerned, we may only have a handful of beans left. One of the great problems of the industry is that there is little storage space for soybean meal. This means that the crusher must move it out as fast as he produces it, and as a result fluctuations are often much wider than would otherwise be the case. We contacted the U.S. Department of Agriculture to ascertain if the soybeans stored on farms, which showed a rather small quantity last April, might have shown a deduction in the beans that were later used for seed. We were told that there is that possibility, and that some farmers might exclude those soybeans intended only for seed from their reported stocks for April and to a lesser degree for January. However, it is their belief that the total amount thus excluded by farmers is insignificant.

Officials in Washington believe that after the heavy movement of wheat slackens following the harvest that prices to growers will advance as in other years, reflecting the influence of the support program. The average price of wheat to U.S. farmers in 1961-62 they think will average slightly higher than the $1.75 in 1960-61, which was 3¢ below the announced loan rate.

Primary receipts of wheat seem to be expanding and they amounted to 3.2 million bu which was a million more than last week and it compared with 2.5 million bu last year.

The overnight weather was not good. Watertown, South Dakota, had 1 1/4 inches of rain, but otherwise the map was dry and hot, and the chances for relief are not good. A North Dakota crop report spoke of these dry conditions which were stunting crops and causing deterioration. It was also hot and dry in Canada which gave the flax market there a big boost and until there is relief we shall probably have the type of markets such as were witnessed today. At Kansas City there was some elevator house and hedging pressure, but prices were somewhat higher in response to a better market here, and there seems to be an accumulation of wheat by speculative interests, some of it on the theory that the spring wheat crop will be radically reduced when the next estimate is published. Even if we lose 50 to 75 million bu of wheat it cannot make too much difference in our opinion with the large stocks that have been accumulated. July beans were very weak at the opening and there were sinking spells later because European demand is still slow, but later when the deferred months rallied due to investment buying, there were recoveries all around. Corn was rather indifferent and weather on the whole seems very satisfactory. Oats and rye were strong.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 28, 1961

In recent years the lowest prices for wheat were registered in either te June or early July. Evidently there is a good deal of export business being done r the first part of the new season, which might prevent prices from dipping to the w levels of the past few years. Nevertheless, December wheat currently is sell-g approximately 10¢ above the June value of a year ago. Possibly the dry weather our Northwest has helped our market as some reductions in spring wheat are ikely, but there are no shortages in the hard winter or soft wheat areas, and as a atter of fact this year's production of winter wheat is forecast at 1,212 million bu, hich would be 281 million above the 10-year average, which represents more than he entire spring output recently projected at 222 million bu.

We have mentioned that over 650 million bu of wheat and flour will ave cleared this season, with much of the increase inthe former category going to taly, Poland, Spain, India, and Pakistan. In addition, Syria and Egypt have taken greater amounts of U.S. flour, and indications are promising for the next few sea-ons, especially since many European countries have reduced their wheat acreage. t is interesting to note that U.S. exports of wheat this crop year were so great that hey surpassed domestic consumption for the first time in our history, exceeding he previous record of 553 million bu cleared in the 1956-57 season.

Weather in our Northwest remains dry, and the Canadian situation grows worse daily, witness the fact that flax futures in Winnipeg moved into new igh ground this morning. Precipitation was extremely light and to make matters orse temperatures are unusually high. On the other hand, crop prospects in he central sections of our country are mostly good, and especially insofar as soybeans are concerned. The outlook for Illinois and Iowa is reported as good to excellent. In the latter state corn growth is about normal, and oats are about 70% eaded. About the same is true for Illinois except that progress probably is a little behind average, and for the state as a whole soil moisture is 1/3 short mostly in the north and west, and 2/3 adequate. Oat prospects are generally good, well above last year and average, with a good deal of clipping being done. In the red wheat areas this grain is ripening and combining will start to expand in the next week to ten days, and the same is true in Nebraska where combining will get underway soon after July 4th. This would be from a week to 10 days later than usual. According to the USDA soybean oil prices are expected to level off and average well above the 9.1¢ per pound level of a year ago. This source released statistics to the effect that through June 1st corn producers indicated their intentions to divert 20.1 million acres to soil conserving uses. This represents 24% of the aver age acreage planted to corn in 1959-60. Possibly a few farmers will change their minds, but on the basis of last year's national average yield approximately 1 billion bu less corn could be produced. Of course it must be remembered in most cases that the poorest land is left idle. Nevertheless, the July 10th government crop report can be expected to compare unfavorably with the banner returns of the past two seasons. It now appears quite certain that President Kennedy's omnibus farm program will not even reach the Sen ate floor though, as we have mentioned, a separate measure for 1962 wheat stands a good chance of gaining approval. No doubt separate bills will be prepared for other commodities.

Surprisingly July wheat gained considerably on deferred months as the whole market again was fairly well supported, but preliminary to the harvesting of red wheat, we would think that the market is in a vulnerable position as hedging pressure can readily be expected. Soybeans, too, improved and possibly new crop months were bought as dry weather in our Northwest is of concern to traders, but the Minnesota crop report said that this commodity in that state is mostly in good condition. The drought has hit the northern part of Minnesota, but the largest portion of soybeans produced there comesfrom the southern half. Some parcels of beans were sold to the Continent, but no large business is being announced. The products also recovered with short covering featured.

Corn has been influenced by the fact that traders are expecting large deliveries on the July contract, and it may be that this month will lose even more on the deferred, but in view of the probability of making large inroads into over-all supplies next winter, we hesitate becoming bearish on new crop months. Primary receipts of wheat at 3 million bu were well above last week and last year.

UHLMANN GRAIN COMPANY

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CHICAGO MERCANTILE EX

CHICAGO, 4 June 29, 1961

The overnight news disclosed no general rains, although they had about 3/4 of an inch of moisture in Aberdeen and 1/3 of an inch at Watertown, South Dakota, while a few isolated traces were reported in North Dakota and Minnesota. Canada was about the same and while the forecast is for a somewhat showery condition, this has been the pattern for several days without actually bringing much rain after a long period of drought; the high temperatures are still with us. An Associated Press Report from Minneapolis said that the vast reaches of the usually green Northern Great Plains are turning brown under a hot sun. Not only have we had few rains but the snows of last winter were scarce. In other words, drought grips an area stretching over much of Minnesota through eastern South Dakota and into the Prairie Provinces of Canada. As a result of all this, grain crops have been hurt while cattle in some instances have been unable to obtain the usual lush spring moisture from grasses and pasture land. As evidence of the situation, all but two of the fifty-three counties in North Dakota have been declared drought-disaster areas, while similar designations have been extended to large chunks of South Dakota and northwest Minnesota.

It was only natural under these conditions that we had firm markets this morning in feed grains, although corn is still being influenced by government selling, which seems to be about the only source of supply to our markets. Apparently CCC is unwilling to let prices go up much because there is an effort being made to prevent noncompliance farmers from doing too well.

The Census Bureau reported this morning that soybean oil stocks were rather large, but this was offset by smaller stocks of cottonseed oil, with the result that the market effect was very small. Ordinarily at this time of year, we get heavy hedging pressure from the movement of the southwestern wheat crop. The early arrivals so far this season at terminal markets from southern Kansas counties were well above average in testweight but below average in protein content. This could mean larger deliveries on futures contracts than would ordinarily be the case. However, there was a little better flour business yesterday, although the demand slackened this morning and apparently bakers are also waiting for the usual seasonal drops that often occur when the harvest movement is on. There will probably be some widely scattered thunderstorms in Kansas, Nebraska, and Oklahoma, with higher temperatures, but this should only be of momentary influence, and we do not regard it as likely to cause a serious delay. Flax prices at Winnipeg opened higher again, reflecting the continued adverse weather but some profit-taking set in and the recent advance in the market has been rapid.

Primary receipts of wheat were 2.8 million bu, which compared with 2.4 million last week and 2.6 million bu last year. Minneapolis and Kansas City stocks so far this week show a net decrease of 72,000 bu.

About the only market that did not respond to the reiterated reports of dry, hot weather was Winnipeg flax but that market has gone up so much previously that possibly the price may have discounted some of the damage. There were so many reports today of deterioration of crops in Canada and in our Northwest that little attention was paid to anything else. However, in fairness it should be stated that the midday weather report officially issued was a little more optimistic and for North Dakota they are predicting now some scattered showers and thunderstorms tonight and over the entire south portion Friday, with temperatures somewhat cooler. South Dakota and Iowa are also scheduled to receive some rains but a good many people will probably claim that some irreparable damage has occurred, so that, therefore, the moisture may have come too late.

According to The Southwestern Miller hard winter bakery flour business was active and both chain and independent bakers seem to be filling out July requirements where needed and are also going as far ahead as August. Corn advanced despite the fact that weather over most of the belt is favorable, but, of course, if the crop is materially reduced in Minnesota and with an already small total acreage, there may be a bullish impact on the market when the next government figures are released. Beans were higher with the deferred months in better demand than July although all delivery months improved and there was a good undertone to the market.

Uhlmann Grain Company

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CHICAGO MERCANTILE EX

CHICAGO, 4 June 30, 1961

Agriculture is helping the economic recovery as payments to farmers are being increased for manycommodities. Higher farm price for output, which about equals that of a year ago, has resulted in 5% more cash marketings during the first five months of the season. For the country as a whole, personal income in May rose to a record annual rate of $413.7 billion and retail sales recovered somewhat, so that many indicators are now a bit more optimistic than they were in January. What probably has adversely affected such barometers as the stock market has been the international situation, which has created a good deal of pessimism among the American people. The Cuban and Laotian setbacks, plus Russian threats to sign an independent peace treaty with East Germany, have discouraged many as ur government has failed to determine positively the position it will take, and resently there is a great amount of concern among people not only in this country, ut in Western Europe also.

Once again weather played an important role in market action nd some rains were received in our Northwest and in Canada. What is needed is a eneral soaking in most areas and though the scattered showers help where received, hey are not complete. In the Eastern half of Saskatchewan and Manitoba, in partiular, we are advised that relief in the next four or five days is pertinent or most f the crops will be beyond repair and can be just about written off. As a matter of act, a letter from a Winnipeg source says that conditions were about as bad as the 936 and 1937 crops, which were near disasters. Even where grains are beyond epair, moisture will be necessary for cattle, as farmers will be in trouble for ack of hay and a feed shortage will be imminent. It should be added that thundershowers did occur over large parts of these areas under discussion overnight and or this reason the Winnipeg flax market was lower when our market opened.

In our country corn and soybeans are mostly in good to excellent ondition but in Minnesota and western Iowa particularly, as well as other large areas, moisture will be needed soon as temperatures are high for this time of year. Desite the fact that early-season subsoil reserves were mostly good, in no cases do ny areas now report more than adequate moisture reserves, and in fact, in some ases shortages are mentioned. This basically was contained in the Quaker Oats Company crop summary issued this morning and that source also mentions that arvest of wheat is quite active in the Southwest with yields generally excellent and estweight high, but as we have discussed previously protein generally is low. So ar soft winter wheat in the central and eastern states is now developing rapidly with arvesting moving gradually northward.

The early bean deliveries were somewhat discouraging but more might be announced before the end of the day, nevertheless the small figure caused good deal of short-covering during the first hour.

Pricewise soybeans fluctuated over the widest range in some ime and for a while July was up as much as the 10¢ daily limit. New crop months ollowed to a much lesser degree and a number of factors lent strength. Some beans were sold to Denmark for July shipment and an export house was seen as a good buyer early. Products were very strong and it appears as though processors are in a somewhat more comfortable position regarding supplies and offered sparingy. Of course, weather probably has played a part in the strength of beans the past few days but the late forecast is more encouraging for parts of our Northwest and most of the corn and bean belts, particularly the southern half of Iowa, Illinois and Indiana.

Corn was strong as deliveries were less than anticipated and weather, too, is an important feature insofar as new crop is concerned. Quiet prevailed in wheat and despite some hedges at Kansas City, their market was firm but some selling in Chicago met lighter resistance. Rye declined at the close, influenced by the improved weather reports but a side-line position was taken by many traders previous to the week-end.

When the wheat visible is posted Monday, it will compare with an increase of 13 1/2 million bu last year.

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CHICAGO MERCANTILE EX

CHICAGO, 4 July 3, 1961

It is always difficult to judge the Canadian weather map as acurately as the one here in the U.S. for the reason that the country spans the same istance from the Atlantic to the Pacific, but there are fewer weather reporting tations and sometimes local rains over rather wide areas come unnoticed. Toward he end of last week rains in Canada came at last. They were not heavy but rather eneral and covered a good part of the West. In some sections they amounted to nly 1/4 inch, but rain as high as 1 3/4 inch at Macklin, which is in Saskatchewan, nd while the rain is not a cure for Western Canada's serious drought, it has at east afforded some reprieve. The Northern areas of Alberta have received general nd generous rains during the past two weeks, and crop prospects in those sections re excellent. Rains received last week in the Peace River Valley ranged from 2 o 2 1/2inches. In many other places, however, crops are holding onto reserve noisture from earlier rains, but should show some improvement with the recent precipitation that occurred. Over many parts of Saskatchewan and Manitoba, however, stubble crops have been seriously hurt by the drought.

In our Northwest, we had some relief also during the past 72 hours and this was particularly true of Minnesota, with Rochester receiving over 2 inches of rain, Minneapolis .70, Sioux Falls nearly an inch, and smaller quantities elsewhere. It is almost as difficult to try to assess the damage that has been done but the fact that Winnipeg flax was much higher this morning would indicate that there is still considerable apprehension as to the final outcome. Over many parts of the corn belt there were rains, and this was particularly true of southern and central Illinois, also parts of Missouri and Iowa. The corn market, however, at least for the deferred months, was somewhat higher and later this month we are going to have our first crop report, which will probably be bullish, owing to the fact that the acreage has been cut so drastically under the Feed Grain Program.The July corn future sold at a greater discount under September this morning, as deliveries of 4 1/2 million bu were heavy, and there was a good deal of changing by speculators on one hand liquidating their July positions, while hedgers were taking the other side of the market. We still do not have any appreciable amount of hedging pressure in wheat even though harvesting of the 1961 crop is now well underway in the Southwest. Yields on early fields in Kansas have been good and the prospects are for the state to produce the fifth largest crop ever harvested. In Oklahoma, they are cutting the third largest wheat crop ever produced, with harvest operations near completion.

Broomhall tells us that there was some improvement on the Continent during the past week. Recent seasonal temperatures and adequate moisture in most areas combined to stimulate growth, and comments from a number of countries were more optimistic concerning prospective yields than at any time since crops went into the ground. The French crop will be somewhat smaller than last year and about 2 million metric tons under the record of 1959. Italian advices have been more optimistic, while West Germany reports that their outlook is more encouraging.

When the Chicago wheat stocks were posted there was a decrease of 360,000 bu for the week, leaving 2.6 million bu here. Corn showed a decrease of 1.3 million, and beans went down nearly 600,000 bu, but there is approximately 9 1/2 million bu here in Chicago, which is still large. In any event with the dry weather conditions in the Northwest not much relieved, there was a good deal of buying in the various pits today. July beans were considerably stronger than new crop months, but the undertone was rather healthy all around. Corn also advanced, and some people are figuring that there may be periods when the government does not sell heavily, which at the moment is the main source of supply in the market. As far as wheat is concerned, we are not getting the hedging pressure in the Southwest that ordinarily comes at this time of the year. We talked to one party from the Southwest who told us it was surprising how little wheat was coming to the terminal markets right now, and there apparently is a holding tendency on part of farmers, possibly for the reason that many of them expect higher prices later on.

The official mid-day grain belt forecast was for mostly fair and warmer weather this afternoon and tonight for the Dakotas and Minnesota, with some isolated thundershowers but temperatures will continue to be high.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 5, 1961

There was a great deal of grain news over the 4th of July holiday covering most crops and in many instances conflicting so that markets were erratic a the start. After the close Monday the weekly soybean export figure showed that cly 995,000 bu have been inspected for the week ending June 30th which compared with 3.4 million for the comparable week in 1960. Evidently a revision was made i the June figures because cumulative totals since the start of the season show tat 110 million bu have cleared versus 112 million during the first 9 months of the previous season. Despite this there was some support in our market after a lower opening as practically no moisture had been received in our Northwest or Canada, nd while Americans took a holiday yesterday, the Canadian flax market was open nd prices were up as much as 12¢ per bu. Advices from north of the border mentioned that a few showers occurred during the morning in southern Alberta and outhwest Saskatchewan, and might possibly spread a bit more so that some profit aking occurred there. Conditions in Canada deteriorated substantially on the basis of last week's Saskatchewan Wheat Pool report which showed a decline of 19 points n wheat, oats and flax, and 20 points in barley.

In the corn belt the weather forecast could not have been more wrong as a beautiful holiday was forecast for all of the Central States, but instead rainfall was general over much of Iowa and in the northern half of Illinois and Indiana and brought considerable relief whereas a few complaints of dryness had begun filtering in and some concern had been shown for soybeans.

Following the release of the Galvin crop estimate based on conditions July 1st, soybeans rallied above the previous close as this source estimated acreage for harvest at 26 1/4 million acres, up from 23 1/2 million a year ago, and an average of 16.8 million; actually condition is put at 89% of normal production placing crop at 615 million bu which is hard to reconcile. In the case of corn, conditions are reported at 86% of normal compared with 81% a year ago when a bushel figure was released that compared poorly with the final crop output. Currently output is tentatively estimated at 3 1/2 billion bu showing the large percentage compliance with the Feed Grain Program. If a final return of this size does occur, we could eventually expect a higher level for new crop months as annual usage has been running at around 4 billion bu so that fair inroads into the surplus might be achieved. This would be despite the fact that the government is a tremendous seller of the yellow cereal but they also are the main source of supply.

This private report mentions that spring wheat production can be projected at 175 million bu which is a fair reduction from the government estimate of 222 million bu as of June 1st. Since that time deterioration has been mentioned frequently as near drought conditions exist over large areas of our Northwest. Added to the 1.1 billion bu winter wheat crop there can be no shortages but our market stays rather firm probably due in part to the fact that harvesting has been delayed in the Southwest and is just ready to begin in the soft wheat belt. A pretty good demand exists for early shipment of hard wheat, and the peak of the harvest should be reached this week and at the same time a fair amount of this grain is going under cover for the purpose of being eligible for the government loan.

Most shipping lines will resume normal activities by tomorrow as a temporary halt has been enforced in the maritime strike as the President invoked the Taft-Hartley law. This may have helped beans early but declines occurred near the close. It is interesting to note that the open interest in the nearby declined 3.7 million bu so that 37 million is still open. The original bean deliveries have not been retendered and except for corn and meal, not many deliveries are being circulated.

A private report from Minneapolis said that small grains in eastern Montana, North Dakota and northwestern Minnesota are continuing to deteriorate with streams that are not spring-fed, drying up. One can almost draw a line between the corn and bean belt and the northern sections where flax and rye are grown. In the southern portion moisture received has been quite good while in the north, and is very dry.

Primary receipts of wheat amounted to 4.7 million bu vs 3 million last week and 2.8 million a year ago. Kansas City and Minneapolis stocks show a net increase of 515 million bu so far this week. Most of the wheat strength was in the nearby. Corn prices reacted somewhat, but smaller production should keep prices from declining much.

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July 6, 1961

There can be little doubt that water and rainfall are about the greatest contributing factors to agricultural production. This is not to rule out good soil and fertilizer, but as an example of how crops are easily affected by precipitation we call attention to the fact that the Saskatchewan Wheat Pool in a weekly report shows a further disastrous drop in crop conditions over Western Canada. Wheat condition is now placed at 76 compared with 160 at this time last year. The oat condition is also sharply lower at 67 vs 149 a year ago. Other crops are down in about similar proportion, and the flax condition is 68 against 135 last year. Because of the great importance of water, the Department of the Interior has done a magnificent job in the reclamation of irrigated lands, which again has accounted for a billion-dollar harvest for the second successive year in 1960, despite water shortages in a few areas. It is, of course, somewhat of an anomaly that while the Department of Agriculture is cutting drastically corn acreages and discussing reductions in the wheat acreage, another Department is simultaneously adding acreages for productive purposes by way of irrigated land, and last year there was a gain of nearly 97,000 acres in that direction with the total up to 6.9 million acres. The 1960 crop report shows that about 71% of the irrigated land on reclamation projects last year raised grain and forage for a total yield of 18 million tons. Beef animals were among the chief consumers, as were the West's sizeable dairy and poultry industries and lamb-fattening enterprises. The fact is that last year harvest of land under irrigation brought a return of $1.15 billion.

There was very little relief from the disastrous drought conditions either in our Northwest or in Canada, with the result that Canadian markets were very strong, and Minneapolis flax also advanced sharply. Corn, while influenced to some extent by yesterday's private crop report indicating production at only 3.5 billion bu, is also affected by government selling and continued liquidation in the July future. Of course, there could be fairly sizeable entries into the loan this year, with the minimum national average support price of $1.20 per bu, which is a 14¢ per bu increase from 1960, due to the higher rate. These minimum rates will not be reduced but increased if the final 1961 crop corn support price determined on the basis of data on October 1st is higher than the minimum price announced last March.

Over the corn and bean belts weather was extremely favorable and we hear very few complaints. They have had some wonderful moisture lately in Iowa, while last night some rain occurred in southern Illinois, but altogether there are no excessive temperatures, whichso very often occur during early July.

The Secretary of Agriculture has taken several steps to conserve supplies of barley and oats by limiting export programs in order to meet possible needs for livestock feed use in the Northern Great Plains' drought areas.

Primary receipts of wheat amounted to 3.9 million bu vs 2.8 last week and 2.6 million last year. Kansas City and Minneapolis stocks show a net increase of 1.1 million bu. We heard from the Southwest that there was some pressure on their July wheat by an export house which influenced the later months as well. The tone seemed to be easy and resting orders were not very plentiful. In the Northwest there was weakness at Minneapolis despite the very dry forecast. It seems that their futures were lower due to government selling of wheat that was in store. The government formula price is lower than the open market with the result that mills and locals were selling futures against purchases made from Commodity. Furthermore, the government has around 225 million bu of wheat in the five states area. It seems that selling from government sources is a threat to higher futures prices and some people are inclined to think that this may act at least as a partial ceiling. In Canada it was different. Flax prices advanced the full permissible 15¢ limit and while there was a somewhat showery activity in Alberta temperatures remained high and it was doubted whether much precipitation would develop. Here at home there was a moderate inquiry for bakery flour, but there seems to be strong resistance to higher prices which seems to be holding business in check. Beans were not as active as recently. The deferred months were higher in spite of good weather, but there was a little selling of July by one of the houses that recently took the largest part of the deliveries.

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CHICAGO, 4 July 7, 1961

The most important item in the daily news is still our northwest and Canadian weather. A good deal of publicity has been given to the drought in those reas, especially in the Western Plains north of the border. In our country, about 7 billion bu of wheat will be available in the current market year, which is just beginning, even taking into account fair-sized losses resulting from dryness in the spring wheat belt. Therefore, there is no great national concern, although certainly the land affected falls into the category of a disaster area and federal help s extended on an individual basis. The rye situation is somewhat different because he crop and carryover combined is so much smaller in comparison with wheat but ven so with a 10 million-bu reserve, domestic supplies no doubt will be fairly adequate, but there probably will be less for export. Supplies of this grain as well as flaxseed are closely tied in with Canadian stocks, but in the latter country the wheat situation is somewhat similar to our own, as they had more than a billion bushels on hand at the start of the present crop year last August 1st, and this was enough to cover approximately two years' requirements, including domestic and oreign usage. So as losses are incurred the surplus situation will be relieved, and here again individual aid might have to be extended to farmers but in the long run he over-all situation would be relieved. In the past Canadian farmers have been regulated by that country's Wheat Board policies, which impose marketing quotas so that often farmers are forced to hold their wheat without government aid.

Advices again point out this morning that deterioration is rapidly taking place in Canada and enlarging daily, with practically no rainfall received overnight, and the forecast was for continued dry weather. In our country the state reports are favorable, insofar as corn and beans are concerned, and in Illinois corn is growing well with average heights slightly ahead of a year ago. Soybeans look very good in all areas with condition above this date in 1960, except in the southwest corner of the state. The wheat harvest is about a week behind average but on the same schedule as a year ago with combining advancing rapidly in the southern sections, and for the next ten days, barring wet weather, should be at its peak. In Minnesota the southern two-thirds of the state enjoyed much more favorable precipitation than the northern third, where practically no rain has been received.

The foreign crop outlook is little changed except that some precipitation would be welcome in many European countries, and in Australia the wheat acreage has been planted and probably is larger than last year. Favorable comments emanate from India regarding that country's wheat crop. The latter nation is in the market for sizeable quantities of U. S. wheat. Otherwise, no large business was reported overnight. A fairly active demand exists for this cereal both in the red wheat belt and in the Southwest, with cash markets strong.

The Department of Agriculture has announced that the national average support price for 1961 crop wheat will be $1.79 per bu, unchanged from the minimum advance support price used in setting county and terminal rates announced in May. Because of the large participation in the 1960 Feed Grain Program and the probable resulting reduction in government stocks, farmers are being advised regarding the possibility of resealing their 1960 corn rather than delivering it this fall. This grain can come out of the loan next winter at around $1.05 in Iowa and might be the cheapest source of feed next spring.

Markets turned weak late in the session and July beans especially ran into a good deal of liquidation and stop-loss selling. The Director of Vocational Agriculture in Iowa stated, in his opinion, the corn and bean crops in that state would be the best in history evidently insofar as yields are concerned because corn production cannot measure up to recent years on account of idled land. Nevertheless selling was general in other pits and corn, too, declined, as profit taking occurred. There was a good deal of hedging in wheat in anticipation of harvesting over the weekend, and the nearby was almost 2¢ lower. When the visible supply is posted on Monday it will compare with an increase of 13 3/4 million bu in 1960.

A few scattered showers are forecast for the Dakotas but nothing else of consequence, but even so profit taking caused reactions in our rye market, and advances which earlier carried almost 4¢ over last night's close, finally lost some of the gain. Soybean products, especially the oil, were lower. Winnipeg markets again were strong with flax up around 13¢.

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CHICAGO, 4 July 10, 1961

The government in its price support programs has always placed special emphasis on grains although at times we have had supports for hogs and for potatoes, but in the main they have devoted their energies to wheat, cotton and corn. n the case of corn we could never quite see the logic of their reasoning. We say this after much thought because only about 15% of the corn moves from farms, and t is a relatively small amount that goes into commercial channels. There have been cases when the price of corn has been relatively high while at the same time hogs and cattle have been bringing poor returns. For that reason feeders who had o buy their corn and other feed products were handicapped and a price squeeze placed them in a position of doing poorly in their endeavors. The fact of the matter s that marketings of livestock and livestock products continue to provide over half f farmers' cash receipts, and unless the finished product is supported it makes ot too much difference as to the price of sorghum grain or corn or even oats for hat matter, but apparently little cognizance is given to this situation.

For the West as a whole present prospects indicate that the forage upply for summer grazing will be below average unless rains are timely and enerous. Early shipments of cattle and sheep out of dry areas have been underway or some little time and will increase significantly if grazing conditions deteriorate urther. While heavy marketings do not appear imminent, extreme drought would ncrease grass cattle and new crop lamb sales, putting additional pressure on rices. The drought is reminiscent of dust bowl years and seems to be scarring arm lands and forests across vast reaches of the northwestern United States and vestern Canada. Across the parched lands the countryside has taken on some of he scars of the first droughts of the 1930's. As a result the government has made vailable some of the feed grains which they own to help stricken farmers. It has lso given permission in many areas for farmers to graze or cut hay on land retired under the acreage program. This has been done in 35 Minnesota counties, 20 n Montana, and all of the 53 counties in North Dakota together with 17 in South Dakota. In the same category have been severely damaged counties in Wyoming and Wisconsin while 10 California counties have been designated as disaster areas. This gives some idea of the severity that weather has imposed on those sections of he country. Utah's drought is probably the worst in the state's history while in daho conditions in the southern part of the state are about as severe as they were n 1931. About the only good rain that was reported in our Northwest over the weekend was at Williston, North Dakota, where more than an inch fell, but there was othing in Montana and the few places that did report a trace claim that it was inadequate to be of much use. Sharp deterioration of crops was also reported over he Prairie Provinces and farmers seem faced with a major failure. Flax is said o be holding up remarkably well although fields vary widely. Hot, dry weather ontinues and July is ordinarily a dry month. In Europe crop conditions are rather spotted although rains have been on the light side in most countries, and in some nstances the outlook is less favorable. General moisture seems to be needed shorty in order to prevent deterioration and this is especially true in France although rops in Western Germany have also gone backward.

The Crop Reporting Board of the USDA announced that its monthly production forecast of the 1961 corn crop will include only corn to be harvested for grain. This will eliminate estimates of corn equivalent for silage, forage or hogging which in the past have been included in the estimates where they termed it 'corn for all purposes'.

When the Chicago stock sheet was posted, wheat declined 355,000 bu out in another week we expect arrivals here from the new harvest. Bean stocks decreased 574,000 bu leaving 8.8 million bu here. Corn stocks declined 487,000 bu. In today's market some attention was paid to the great strength in Winnipeg markets with their flax, rye and oats much higher. This influenced particularly our oat market, but corn was also higher and rye was higher. Wheat on the other hand was a little lower, but not as much as the decline at Kansas City where they were getting some hedging pressure. July beans were very weak on liquidation which ran the market into stop loss selling. The new crop months went down somewhat in sympathy. The official mid-day weather forecast was a little more optimistic for showers and thunderstorms for our Northwest, but they need more than a few drizzles after the long period of drought.

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CHICAGO, 4 July 11, 1961

Some rather beneficial rains fell in our Northwest overnight, especially
the Dakotas, and though amounts varied, some places received as much as 1.23
hes. In Canada, too, some thundershowers developed over Manitoba yesterday
ernoon, and along the border some rain occurred, but elsewhere amounts ranged
m a trace to one-tenth inch. No precipitation was reported from stations in
skatchewan, although a few light showers occurred in Alberta, and the forecast
the northern prairie regions is a little better. The same is true in our country
t only for the Dakotas and Minnesota, but possibly moving into the corn belt in the
xt day or two. All of this is terribly important and it is interesting to note that
ong the Canadian border moisture since last September has only been about 50% of
rmal, and together with the exceptionally hot weather during June, a severe drain
soil moisture supplies has in many cases depleted reserves. The extent of
terioration varies in different locales but needless to say, much of the over-all
mage is irreparable. Even so where moisture has been received, benefits most
rtainly are derived and this affected futures in Chicago and Winnipeg which were
wer in early dealings.

Once again the weekly inspections of soybeans for export compared un-
vorably with a year ago, despite the fact that the 1960 figure was unusually small.
r the week ended July 7th, 1.2 million bu cleared vs 1.3 million last year and
mulative totals since October 1st are now 2 1/2 million bu less than for the same
riod in 1959-60. This has been reflected in our market as July beans have been
bjected to persistent liquidation and now command a relatively small premium over
ferred months, which is quite a readjustment from a few months earlier when old
op futures were selling well over the $3.00 level. Probably little will happen be-
een now and expiration of this contract, and the market should be more influenced
the growing crop and conditions still are satisfactory to excellent throughout the
rge producing areas. After the close of the market this afternoon, a government
port will be issued showing stocks of beans and grains on farms and production
timates will be made for most commodities with the exception of beans, where
ly an acreage figure will be given.

Wheat harvest is just getting underway on a full scale in the red wheat
lt, which is perhaps a bit ahead of last year, and oat harvesting, too, is com-
encing in the southern districts but will not reach its peak possibly for another week
two. While on the subject of wheat, it might be interesting to repeat statistics
owing that total supplies for the current marketing year which started July 1st are
record proportion, even assuming some losses in the Northwest section of our
untry. Possibly better than 2.6 billion bu will be available, including a banner
rryover, and this reserve enlarged even though exports last season reached record
oportions, amounting to 665 million bu. The preliminary forecast of exports for
e 1961-62 crop year is just as big and is now projected at 675 million bu and could
realized, particularly since there is a possibility that Canadian production might
considerably less than last year and European output undoubtedly will be smaller
ving to the fact that planted acreage was reduced. The world movement of wheat
r the season ended June 30th is estimated at 1 1/2 billion bu, an all-time high and
% ahead of the previous season.

According to the government weekly grain report the wheat harvest in
ansas is 90% completed. This source mentions the dry conditions in the northern
reat Plains, especially in the states of Montana and North Dakota. Of course since
en some relief has occurred.

Markets were mostly firm with wheat influenced a good deal by invest-
ent type buying which is common for this season of the year. We would be reluc-
nt to follow advances as prices are high for this season and deferred months are
ose to the loan figure. Probably some of the buying in corn and beans can be
tributed to evening up in anticipation of this afternoon's crop report. A University
Illinois economist stated that a number of general rules have applied to soybean
rice movements during the past 15 years. Of course, exports and domestic usage
ave increased remarkably, but when the crop is short, prices usually reach their
eak early in the marketing year following harvest. It is noteworthy that bean values
epend greatly on the products and this source also points out than an every other
ear trend exists as producer holding depends to a great extent on price relationships
the preceding season. According to his theory farmers will hold beans at harvest
is fall.

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CHICAGO, 4 July 12, 1961

It is, of course, pure coincidence that most of the major drought eriods in the past three decades have come during the Democratic Administrations, nd the previous damaging drought occurred between 1933 through 1936, when Presient Roosevelt was in office, and at that time each of our annual wheat crops was maller than our domestic consumption: to wit,

1933	552 million bu
1934	526 "
1935	628 "
1936	630 "

hat four-year era was different from the one at present because of the great "dust owl" in the Southwest, which gave us the small winter wheat crops, while at present we are in the process of harvesting a very large winter wheat crop, which yeserday was estimated at 1,116 million bu, and while slightly below last month was, evertheless, above last year. The spring wheat crop was very adversely affected y high temperatures and lack of rainfall with the result that the estimate yesterday laced spring wheat, other than durum, at 126 million bu, which was the smallest ince 1936, and durum wheat prospects declined to 16.5 million bu, which was the mallest since 1954, and the latter was 52% below last year as the result of hot, dry veather, which severely damaged the crop in the larger producing areas.

Canada will also harvest an extremely small crop, judging from eports that we get from there. Yesterday, for example, the Saskatchewan Pool eport showed that the condition of wheat in that Province was only 60 vs. 76 last veek and 163 last year. While they have had a few showers during the past few days, he situation up there is still critical, and it looks as though they might raise only bout half as muchgrain generally as they did in 1960. Altogether total wheat proluction in the U.S. is about 100 million busmaller than the season before. This, however, is made up by the carryover reserve, which will be about the same amount reater. The figure on carryover stocks will be issued on July 24th. Another factor which took a heavy toll from the crop was in the case of oats, where production s forecast at 961 million bu, and this is 25% below average and 16% below the 1960 arvest.

Production of corn for the first time was forecast on basis of roduction for corn as grain. The result was that a crop of 3.2 billion bu is now in prospect, which is down 18% from the 3.9 billion bu harvested for grain in 1960. This forecast omits the equivalent bushels of corn on acreage used for silage, forage, or hogging-off. In 1960, this equivalent production was estimated at 413 million bu, and the 10-year average is 341 million bu. The acreage of corn planted for all purposes is down 15.8 million acres, or 19%, from 1960. Actually the corn yield per acre is given at 54.5 bu, or the same as last year, but the smaller crop is due entirely to the Feed Grain Program. The average corn crop on the present calculation during the 10-year period, 1950-59, was just a little over 3 billion bu. Probably the one bright spot was that the soybean acreage will be 27.1 million acres, according to last night's report, which is up 15% from 1960 and the largest of record.

During the past month, the estimate for wheat in Kansas was stepped up to 284 million bu, which is almost as much as last year, and production of this size is about equivalent to the combined production of Argentina and Australia, our two greatest competitors in the export field. The government also gave stocks of various grains on farms. They also showed that there were 30 million bu fewer beans on farms than last year. However, the visible supply is nearly 7 million larger, and there must also be more in the hands of processors, so that this was not too surprising.

Daily statistics were of little importance today. Wheat prices were firm due mainly to the sharp reduction in the spring wheat estimate. Rye was quite weak due to some moisture in our Northwest and in Canada. The USDA estimates a rye crop of 26.1 million bu which is smaller than last year but compares with about 24 million bu for the 10-year average period (1950-59). Beans were lower on the prospect of a record acreage and generally good weather over the belt. Corn was firm and the estimate of 3.2 billion bu for corn as grain was about in line with the Galvin figure of 3.5 billion bu for total production. Oats were strong at one time but the high price encouraged profit taking. Flour business was very slow.

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CHICAGO, 4 July 13, 1961

Proof of the improved living standard in our country is the fact spending power of most people has increased in recent years. The average . family income had enlarged to $6,900 in 1960 compared with only about half much 10 years earlier. Naturally price increases have moved steadily higher the rate has not been quite as fast so that purchasing power rose only 2.5% be- en 1959 and 1960 while income grew 4%. In 1929, only 20% of all American fam- s earned $5,000 or more while last year 57% were in this category. Of course, es and salaries constitute seven-tenths of all personal income while self- loyed proprietors, farmers or those who receive rentals, dividends and inter- payments receive much of the remaining income.

As times and the income picture change, so do job trends, and ave mentioned so often an American farmer now provides food for himself and thers. In 1860, when this was a nation of farmers, one producer spent 30 rs of hard work to raise an acre of corn and by 1920 this job could be done in urs working time. Today, of course, farm technology has made tremendous strides while at the same time releasing millions of workers to develop skills ther fields. Employment patterns are ever-changing and a vast network of ser- es has been born including a $4 billion a year telephone and telegraph industry, billion a year for private education and research, and about the same amount nt annually for medical care as well as many other private philanthropies. These nges are closely connected with living standards and the fact that ours is still a d of opportunity and incentive is shown by the fact that 20% of the work force untarily changes jobs each year always trying to better themselves, and conse- ntly this aids toward the advancement and modernization of the entire economic ucture.

Much of the grain belt is covered by showery conditions including Northwest where precipitation the past few days has been more general. Rains he southern portion of Manitoba brought a good deal of relief to their outlook, h showery conditions forecast for wide areas. However, the drought situation s enough prolonged so that according to the Telegraphic Report grain yields in st areas will be low. Another obstacle tocontend with is a large grasshopper ulation which has caused damage in some of the southern and central sections of nitoba. Nevertheless, the rains have brought liquidation type selling into the nnipeg market, and flax, rye, and oats have been under pressure. Our rye also cted sharply yesterday and was lower this morning as the CCC has discontinued king this grain available for export.

In the U.S. corn belt conditions are quite good and show im- vement over a week ago as moisture had been fairly general. The over-all soy- n condition is reported much higher than a year ago and well above average. nter wheat is about half harvested. Despite the fine crop outlook, feed grain duction for 1961 will be sharply lower than last year due to reduced acreage, ulting from the Feed Grain Program. The sorghum acreage will be down 26% le oats and barley output will be about 15% less than a year ago, and, of course, production is a good deal smaller.

Soybeans were under pressure most of the morning and July ed to hold a rally near the close even though nearby months of oil and meal both roved. New crop beans and products were lower as the crop outlook is glowing open interest in July beans still is around 31 million bu so that liquidation could sist until the final day of trade. Next week's export figure will compare with re than 4 million bu in the comparable 7-day period in 1960. Corn and oats re both weak with profit taking the main reason for the liquidation that occurred, these two feed grains probably will be better supported on further weakness crop reduction in both cases is severe. Of course the government continues sell corn from CCC stocks, but this is the main source of supply and free market erings are almost nil. Wheat was a little lower as hedging pressure continues, some in the trade are bullish on Minneapolis futures as they feel the curtail- nt of supplies will finally result in a level closer to the loan. A good deal of ort business is pending in both hard winter and soft wheat with Yugoslavia, ia, Spain and Brazil as the prospective buyers.

Primary receipts of wheat amounted to 4.6 million vs 3.9 lion last week and 5.1 million a year ago.

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CHICAGO, 4 July 14, 1961

There have been so many additions to the Federal Budget for)62 that it now looks as though the final spending level will amount to $90 billion is coming year, which would be about $10 billion greater than the original Eisen- ower budget of last January. This will almost certainly result in a deficit substan- ally greater than the latest official estimate of $3.7 billion. While it is true that e Congress has shown some reluctance to accede in full to the spending requests nich seem to contain something for everyone, yet the purse strings have not been ppreciably tightened. While we are constantly reminded of the grim struggle that facing Western mankind, there seems to be less emphasis on the danger in fur- er erosion of the dollar's value which is always inherent in continually boosted bending. In our country one additional person is born every 11 seconds of the day id night. This means another human to be fed, clothed, and housed. Of almost reater importance but not stressed as much is the fact that during those 11 seconds eeds and plant diseases destroy enough vegetables to feed a grown man for sever- . years. In that short time, animal diseases and parasites kill a barnyard full of eal and fowl, while fire, flood, or storm destroys or badly damages a home. In a pical year the U. S. farmers lose 1 1/2 million cattle, 4 million sheep and lambs,) 1/2 million hogs and pigs, and 235 million chickens, which is due entirely to eather and disease. Plant diseases cost $3 billion in crops everyyear, which is jual to the yield from 30 million acres. Insects destroy 12% of all crops which rmers raise. The nation's 170 million rats, which are almost as numerous as ır human population, eat as much food as do 10 million human beings. The fire azard, in spite of more modern buildings, is also a great threat and destroys bout a billion dollars' worth of property annually, while the cost of human disease easured in misery and loss of life is beyond counting.

The trade has, of course, been watching the Northwest weather eports very closely. The Montana weekly crop bulletin spoke of localized rains ut indicated that the recent showers have not really relieved the prevailing drought onditions, and that topsoil moisture supplies were short in practically all areas xcept a few localities in the western third of the state. During the past 24 hours, ney had nearly an inch of rain at Fargo, N. D. and 3/4 inch at Aberdeen, S.D., ut in-between precipitation was light. In Canada, the map showed very little rain vernight except for Southern Manitoba but there was nothing in the northern part f the Province, and, as a matter of fact, there has been no good rain in Saskat- hewan, which is the largest grain-producing area. As a result the flax market t Winnipeg was higher after yesterday's sharp break. We also had a fair amount f precipitation in our Southwest with 1 1/2 inches at Hutchinson, Kansas, and al- nost the same at Enid, Oklahoma, with some showers in-between. There was also ight rain over parts of Illinois and at St. Louis, Missouri.

Apparently the corn and bean crops are making good headway but n the case of corn, acreage has been so drastically cut that we feel the yellow ereal can be bought on setbacks and should not be surprised to see oats do better n spite of the relatively high price. According to the USSR Foreign Trade, which s an official publication, Communist China will make no deliveries of soybeans, eanuts, and edible vegetable oils to Russia during 1961. As we view the bean narket new crop beans are selling close enough to the loan price that sharp breaks re not likely, despite the possibility of a banner production. On the other hand, he open interest in July beans is still very large, and if there should be continued iquidation, it could carry the price of the deferred months down in sympathy.

When the visible supply of wheat is posted next Monday it will com- ıre with last year's increase of 13 1/2 million bu. The wheat market was quite different and the same was true at Kansas City although their stocks increased 3 illion bu during the week. July beans were liquidated by longs, but there was etter commercial buying in this future than we have seen for some time. New crop onths were a shade lower. The Winnipeg market was strong with rye and oat tures higher as well as flax. This had some influence here. Our corn was also better demand after the recent liquidation. Some spots in the Northwest claimed nprovement in the appearance of grains since the rains fell, but, of course, they ıme very late and therefore the recovery is limited. Rain is still falling over astern Manitoba but it seems to be clear in Saskatchewan. Since Tuesday evening ver 2 inches have fallen near the Red River Valley.

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CHICAGO, 4 July 17, 1961

The Secretary of Agriculture is quite encouraged over the anticipated eduction in feed grains. The success of the 1961 program can be seen by the fact iat the nation's corn and grain sorghum farmers agreed to divert almost one-fifth f the 1960 acreage to soil conserving practices, which Mr. Freeman predicts will ave American taxpayers almost $750 million. At the same time, government ocks of feed grains might be reduced by 400 million bu and it is further thought iat farm income can be increased approximately $500 million. As a matter of fact, efore Congress is through a good deal of the important features originally desired y the Agriculture Secretary in the omnibus bill probably will be granted, at least the most important areas. The feed grain program most likely will be extended r 1962 and a similar plan undoubtedly will be adopted for wheat during the next rowing season. Of course, broadening of surplus disposal powers under P. L. 80 and Food for Peace have been undertaken and though this might make us more ompetitive with some of our friendly nations who also have been desirous of distributing excess supplies, all of this occurs at an opportune time as Canadian crops ill likely be cut by reason of drought as well as the fact that European output will e smaller this year due to restricted acreage.

It is interesting to note that total U.S. feed grain exports this past seaon were about the same as last year despite the fact that there was a drop in shipnents of barley, oats and sorghums, which was offset by corn clearances which otaled 6.1 million tons, up 22% from the previous crop year. In reference to the roposed extension in the feed grain program for next year there is the thought that ven though free corn supplies might tighten considerably next winter, nevertheless, he government will emphasize sales from CCC stocks for the reason that it will e most important to encourage 1962 compliance. This would be accomplished by eeping free markets at a low enough level to encourage farmers to comply next pring, and if the competitive values were to advance too far fewer farmers would ign up, which would hamper the administration's objectives in reducing reserves.

Fair rains were received in parts of Canadian Provinces and unsettled veather prevails in Saskatchewan and Alberta this morning so that Winnipeg marets were lower at the start. In our country wheat harvesting was hampered in a ew sections of the red wheat belt by rainfall and for this reason hedging pressure vas lighter than expected and wheat had a good undertone. Nevertheless, there are arts of the corn belt that are now becoming dry and are in need of precipitation, ut the 5-day forecast talks of scattered showery conditions. The Weather Bureau's 0-day outlook calls for excessive rainfall in most parts of the country between the Rocky and Appalachian Mountains but this is less than accurate at best. Advices rom Australia are less optimistic regarding prospective wheat plantings and the eneral soil situation could be improved outside of the western state where recent ains were most beneficial.

For the first time since harvesting began, Chicago wheat stocks increase uring the week and we now have a supply of 2.7 million bu. Corn stocks declined 13,000 leaving a little more than 24 million, and oat supplies also increased a ery small amount to 3.5 million bu. The amount of rye in Chicago now totals 2.1 illion bu following a small increase, and beans decreased less than 1/2 million bu that 8.4 million bu remains. Because of this there was further liquidation in the ily future, and the open interest still is large at more than 25 million bu as hursday is the final day of trade. Undoubtedly there was some selling in beans ue to the expectation of a smaller export figure in comparison with the more than million bu that cleared during the same week in 1960. The current premium of ily versus September is the smallest that it has been and some deliveries circulate most daily.

Wheat, which was very strong, lost part of its gain and there is a enerally bullish feeling among many traders, but even though this is the time of ear at which purchases are generally fruitful, the current level appears a bit high become too enthusiastic. There was a little better mill demand for soft wheat ver the weekend. New crop corn is fairly well supported and probably is good roperty on breaks, but CCC selling is still large. Rye was indifferent despite e weakness in Canada. Prospects for a smaller oat crop keep prices firm.

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CHICAGO, 4 July 18, 1961

It is necessary to understand that the present agricultural disas-r in Canada is not just a recent development which began last fall. There has een a gradual but persistent build-up during the past five years or so with declin-g reserves at depth and a general lowering of the water table over wide areas. One ing is certain: namely, that it will take a great deal of rainfall to replenish sub-il moisture that has been low in recent years and to restore the water levels gen-rally in the areas affected. What is even of more importance is that unless ample recipitation occurs this fall, Western Canada may be in an even more precarious osition in the spring of 1962. There have been some rains in Canada during the ast ten days but yet we believe it is safe to say that their farm outlook if properly nalyzed and appraised is probably the poorest for over twenty years.

One of our friends has given us a complete and worth while pic-re of the wheat situation in that country. He tells us that while the size of this ear's wheat crop is still unknown, experts who have access to information from arious parts of Western Canada have arrived at a possible production figure, vary-g between 225 and 250 million bu. This could change considerably between now and arvest, as ideal conditions could certainly fill the wheat to the point where the nal result would be better, but on the other hand adverse conditions could severely educe present indications. The last visible supply figure for wheat in Canada was 11 million bu. This consisted of wheat stored in every elevator and warehouse in at country that was licensed by the Board of Grain Commissioners. The most re-ent estimate of the Canadian Wheat Board would indicate that there is about 180 mil-on bu wheat available on farms. Thus the total supply figure adds up to 591 mil-on bu. This is based on reports issued as of July 5th. The last estimates of us-ge within Canada and for export have been running at the rate of 40 million bu per onth, and if this continues for the balance of July, our friend estimates that there ight be 550 million bu wheat left in Canada in all positions on August 1st. During e current season, which ends July 31st, it is assumed that Canada will use be-veen domestic consumption and export some 500 million bu of wheat. Counting on e same disappearance during the next twelve months, this would practically dissi-ate the carryover reserves, which have been bearing heavily on the market for any years and would leave only the amount that is grown this season, and which we ave indicated might be a rather small figure.

Another important fact is that Canada is one of the few countries at has any large quantity of hard spring wheat. Of course, we have large reserves rom other years in our Northwest but with the spring wheat crop estimated at only 43 million bu, including durums, Canada is almost bound tohave heavy demands on er supplies, particularly with the recent sales that have been made to China and ussia. The Canadian feed situation is also very bleak. One of our informants in orth Dakota advised us that during the past few days they have started to sell con-iderable quantities of corn and oats to dealers in Manitoba. He said that in his fty years of experience in the Red River Valley, this was the first time he had ver sold feed oats into a Canadian Province. Chances are that Western Canada an onlyhope for about half a crop of oats and barley.

Primary receipts of wheat were nearly 4 million bu which was bout the same as last week but smaller than the 5.6 million bu last year. Kansas ity and Minneapolis stocks so far this week show a net increase of 914,000 bu.

The wheat market was rather firm and there seems to be a fair mount of export business pending which is usual at this time of the year. India ought 50,000 tons of hard wheat for August shipment at the Gulf, and it was believed at they also purchased some soft white wheat but confirmation was lacking. The ontinent bought parcels of soybeans both old and new crop, and Yugoslavia is in e market also for some wheat and may have bought hard as well as red, but this as difficult to trace. July beans, which had been so weak, had a better undertone day. The open interest is still very large at over 22 million bu and after today ere are only 2 more sessions before termination. We think that new crop beans an be bought on setbacks with present prices close to the loan level and a holding ndency on the part of farmers. Corn turned rather weak and there were some ealizing sales. The rype import quota expired at the end of June, but hearings on ture imports have been postponed until further notice. It may be that the drought ay eliminate the need for continuing the restrictions.

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CHICAGO, 4 July 19, 1961

Tomorrow is the final day for futures trading in soybeans harvested st fall. September represents mostly new crop, and we cannot let the July expire thout grateful acknowledgment of the fact that it represents the end of one of the ost exciting trading periods in commodity exchange history. Soybeans have been own and written about for at least 3,000 years, but the recent phenomenal growth size and interest has surpassed the most promising expectations. Though soybean ed came to the U.S. around the turn of the present century, it can be traced to 38 B.C. when a Chinese Emperor described their use as a medical remedy. Only years ago American exports amounted to 5 million bu while currently 140 million e shipped annually, and this figure can be expected to rise considerably in the ar future. As a matter of fact, the onlyreason that clearances this season will t exceed those of the previous 12-month period is that supplies simply were not ailable or at least the anticipated close adjustment resulted in such a high price vel that foreign buyers sought substitute products.

Soybean meal has become a most important feeding supplement in the ultry and livestock industry, and bean oil is far from reaching its full stature as world commodity. Since the U.S. and Communist China together produce 90% of e world's soybeans and account for about the entire export market, demand for r supplies will increase with the worsening food shortage situation in the latter untry. World production of fats and oils in 1961 is expected to rise to a record . 2 million tons, about one-fourth of which is accounted for here at home, and the port outlook is even more encouraging in the next 5 years as Asia with its bulging pulation may eventually turn into a net importer of both beans and oil. By 1965 ssibly 200 million bu of U.S. soybeans will be shipped in a single season, and lible oil clearances might double during this short period. Originally thought of a soil nutrient, soybeans are now the fifth most important cash crop in the U.S., d certainly reflect the importance of free markets to best record value and price lationships in a capitalistic economy.

Beneficial moisture was received in many areas of the corn belt overght improving upon conditions which currently are mostly good. The Illinois and wa weekly crop bulletins say that for the most part both corn and beans are in good ndition and are advancing about on schedule. Wheat harvest in the former state is obably 9/10 completed and nearly half the oat crop is ripe. Canada received only attered showers generally less than 1/10 inch over parts of Alberta and Saskatchwan, and for that reason markets were higher in Winnipeg. In our Northwest grain ospects have improved, especially in the Red River Valley, though the outlook is ill pessimistic in the western half of North Dakota and eastern Montana, and grassoppers again are mentioned as a menace in these places.

A clearer picture of corn might be determined with the following atistics. On October 1st, a carryover of around 2 billion bu will be added to the ojected production figure of 3,175 million bu or a total supply of 5,175 million bu. uring the 1959-60 period a record amount of corn for feed was utilized, 3,150 illion bu, and if this is repeated during the next crop year along with combined mmercial usage and exports of 550 million bu, the reserve one year hence would e reduced to around 1 1/2 billion bu. Both the production and feed figures are ariable, but even though the same government program will be practical in 1962, viously surplus supplies finally will be greatly reduced. For this reason it is fficult to become bearish on deferred corn futures. However, we are convinced at CCC sales will be large enough so as to encourage farmers to comply with the eed Grain Program again next summer.

The open interest in July beans is still 19 million bu and though this doubtedly was reduced some this morning, there will still be a goodly amount to settled before trading ends tomorrow or by delivery. The shorts were most gressive and prices firmed late in the day with stop-loss buying featured. July eat was exceptionally strong and gained on the deferred months as there has been sappointment over the slow build-up of Chicago stocks. There is a good deal of tside interest in this market as this is the time of year that purchases in wheat rmally are profitable. Corn was able to rally after a lower opening. There was tle feature in this market and the same is true of rye as weather in our Northwest s improved more than in Canada. There has been daily export business of soyeans, but the amounts are small and some flour business likewise was completed.

dia was a heavy buyer of U.S. hard wheat.

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CHICAGO, 4 July 20, 1961

It is interesting to note that taxes levied on farm real estate, which luded, of course, land and buildings, totaled a record $1,284 million in 1960 d was a rise of 8% over the year before. For the most part these levies are pay-e in the 1961 calendar year. Figuring these taxes on a per acre basis, it means 20 tax on every acre of farm land in the United States, which is the highest in tory and it compares with only 69¢ per acre in 1950 which is a little more than a cade ago. At the same time the loans to farmers' cooperative organizations have en going up year by year, and the largest item has been for electrification of farm operty which presently stands at $2.5 billion, and for telephone loans there has en $208.6 million made available. There are, of course, many other loans such made by Commodity Credit Corporation and those handled by banks for coopera-es, these two totaling another billion dollars, and smaller amounts through the rmers' Home Administration Fund. The farm mortgage interest charges in 1960 nounted to $636 million which figured at the rate of 59.3¢ per acre, and it was the ghest since 1920 when the per acre interest charge amounted to 60.3¢ per acre.

Before our market opened this morning we had reports from the rthwest that nearly 1/2 inch of rain had fallen around the Minneapolis area, and was the same at Redwood Falls, but generally speaking the overnight precipitation s rather light although they had nearly 1/4 inch of rain at Aberdeen, South kota. At the same time the overnight prediction was for widely scattered owers for the Dakotas, Minnesota and Montana with no extremely high tempera-res. For the corn and soybean areas they forecast partly cloudy skies with attered showers and thunderstorms in Iowa, Illinois, Indiana, and Missouri. ne heavy rains that we have had lately have halted harvesting of wheat in the rthern half of Indiana, Ohio and Michigan, and other soft wheat territories, and parently this has been a factor in slowing the movement of soft wheat to market d has likewise been responsible for the strength in July wheat because Chicago ocks have been accumulating rather slowly, and on Monday we had less than 3 illion bu of wheat here, most of which had been carried over from the previous op.

In spite of the drought that has been so widely advertised, crop pro-ction in 1961 is expected to be only 7% below last year's record. Of course, ere was another influence besides the drought: namely, the government's Feed rain Program, which is bound to give us a much smaller production of corn. We ve an outlook for reduced production in the Northern Plains area with flaxseed, ts, rye and barley suffering similar losses to wheat. Crops have been especially rd hit in North Dakota and the neighboring states of Minnesota, South Dakota, and ontana, all of which has given us a sharp rise in prices, particularly in the inneapolis and Winnipeg markets. With the corn acreage lowest since 1882 and dicated production of only 3.2 billion bu for corn as grain, this would still be the fth largest crop of record, but in the meantime our country is feeding on a scale ever before reached.

Primary receipts of wheat were 3.6 million bu. This compared with 6 million last week and 5.6 million bu last year. Kansas City and Minneapolis ocks so far this week show a net increase of 2.4 million bu.

Trade today was not particularly active for the first twohours. It ems that the longs in July wheat, and those who were holding cash wheat, seemed ore confident than the shorts, and this gave us a rather mixed market. Bakery our sales continue very light and apparently new buyers are not willing to follow lvances. We ourselves feel that there may be better buying opportunities. Corn ontinued to be a rather quiet affair. While everyone knows that the corn crop will be nall, there is still government selling and the recent rains have undoubtedly im-roved the crop outlook. If growing conditions continue that way, the yield per acre ight even increase over the last government estimate. New crop bean futures tend toward the weak side, probably for the same reason: namely, favorable crop de-elopments. The July delivery was very erratic and at times fluctuations were vio-nt as both longs and shorts tried to even up in the pit. As a matter of fact, last uotations showed a premium of as much as 20¢ per bu over the September future, hile just a few days ago the spread difference was only 5 to 6¢. Heavy short-overing at the close caused the strength.

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CHICAGO, 4 July 21, 1961

The House Agriculture Committee has given final approval to a Farm ill similar to that which the Senate Committee passed on, and basically positive tion probably will be voted in favor of the following: A one-year wheat plan, which doubt will be enacted requiring farmers to cut 1962 acreage 10% in order to be igible for federal loans. Additionally an extension of the Feed Grain Bill for 1962 n be expected along the same lines as the one presently in effect covering this ar's corn and sorghum crops, and barley will be included. Also the Food for eace Program will be extended and broadened in the areas necessary to help re- uce surplus commodities. Other provisions, too, will be approved but the key ank of the Omnibus Program to permit producers to overhaul price support pro- rams and work out new methods has been eliminated.

As reported recently in the USDA's forecast, crop production in 1961 expected to be about 7% below last year's record level. Of course, acreage eductions are partly to blame but the drought in the Northern Plains has cut pro- uction of crops grown in those areas. As a matter of fact, the climatologist for e State of Minnesota has made an interesting comparison of conditions in that tate this year with the severe drought of 1936. In that year the drought was state- ide, which is not the case in 1961, where mainly the northern two-thirds has been urt. Also, at the present time subsoil reserves are much more adequate. Ac- ording to the weekly bulletin topsoil moisture conditions over Minnesota were re- orted short to adequate except in the Southwest where soybeans are grown and con- ition of that crop is considered good. In Montana rain is needed in most counties ut wheat yield prospects are good west of the Continental Divide and mostly fair the central areas and southwestern counties. Prospects continue poor in most of e eastern part of that state.

The Quaker Oats Summary, which was issued this morning, indicates at for the most part the corn and bean outlook is quite good over the heavy pro- ucing sections, and as a matter of fact, this source thinks that the government corn roduction forecast of July 1st was very conservative. Though no bushel-figure was iven for beans, they believe that the acreage might be even larger than was reported. regard to winter wheat, harvesting is pretty well completed in the Great Plains tates with yields and test weights holding up very well but protein has been disap- ointing. The drought and June heat wave made for a small winter wheat crop in e Dakotas. It was also reported that crop conditions in Canada, despite some ains during the past ten days are mostly poor. As a matter of fact, crops are al- ost a complete failure in Southern Alberta, all of Saskatchewan, and a good deal Manitoba. In many cases rains came too late and it is interesting to note that a rivate source in a precipitation summary from April 1st through June 17th shows at the following moisture has been received in the heavy producing Canadian pro- inces:

	This Year	Last Year	Normal
anitoba	4.30 inches	6.49 inches	7.59 inches
askatchewan	4.23	5.85	6.63
lberta	5.60	6.04	6.62

It is noteworthy that over a million bushels of wheat were tendered st night and were stopped by a local trader, and for that reason the July expired lmost even with September. A build-up in Chicago stocks is likely though the eavy rains through the northern sections of the red wheat belt will cause further elays. Even so our market was lower this morning though export business is good, hich is normal for this time of year with purchases of both hard and red wheat arge. Flour business is only of moderate size but mills are operating at a brisk ace. When the wheat visible is posted Monday, it will compare with an increase of 5 1/4 million bu last year. Kansas City stocks continue increasing and for the eek grew 3.2 million bu. Minneapolis experienced a small decrease. Primary eceipts are smaller than both last week and a year ago.

Activity was curtailed due to the fact that trading in beans is almost ntirely on new crop basis, and prices were lower as they were in corn due to the lowing crop reportsand additional moisture. Rye continues to decline and oats also ere a shade lower. A rumor to the effect that Canada might drop its tariff on .S. feed grains probably is not true.

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CHICAGO, 4

July 24, 1961

For the past decade or two, we have lived in a period of surpluses xcept for Asiatic parts of the world where starvation is still rampant. We have more or less taken these surpluses for granted, particularly wheat, which before his crop season was the number one agricultural problem. This is not to say that he U.S. has suddenly come out of the wilderness insofar as the wheat situation is oncerned, for the crop outturn of 1,259 million bu is still the sixth largest of re-ord even though the spring wheat crop will probably be a dismal failure. It is fair, owever, to point out that with domestic usage of 610 million bu and a repitition of ast season's exports of 675 million bu, our total disappearance might amount to ,285 million bu, so that we shall cut somewhat into our accumulations. Furthermore, the Omnibus Wheat Bill will probably become law within the near future, nd if acreage cut is somewhat similar to that of corn during the current season, we are bound to have a much smaller wheat harvest one year hence.

In the meantime, Canada has had a disastrous crop failure although weather during the past week has shown some slight improvement. During the past wenty-four hours, there was nearly 2 inches of rain at Edmonton and an inch at Calgary. However, friends in Winnipeg advise that while the moisture was good ver the northern parts of Alberta and parts of Central Alberta, it still remains retty dry in Saskatchewan, with moderately high temperatures over the week-end. There were, however, some scattered showers in southeastern Saskatchewan and more rain is forecast for Alberta today, which is expected to spread into southern Saskatchewan. Nevertheless, Canada has some very large export commitments utside of its normal field, so that with wheat sales to China and Russia there are nroads being made into their accumulations as well. This is all favorable for the Wheat Board which has been plagued with the heavy surpluses now for the last ten r fifteen years. Probably the feed grain situation is even assuming a more favorable position and recently in the U.S., oats and barley were taken off the surplus commodities' list, and as we have pointed out some small shipments of oats have lready been made to Manitoba. It is a most unfortunate circumstance for a farmer when his crops are ruined, and this writer saw a television program yesterday of some of the misery that exists in the Northwest, but the only favorable aspect is tha hrough smaller crops our government might some day change its mind and discon-inue the use of taxpayers' money to subsidize prices for export on vital commodi-ies.

We do not yet have the full particulars on the CCC program of selling grain sorghums in the market during harvest time. It must be more or less n line with their policy of trying to discourage corn farmers who did not comply with the acreage reduction program. Friday's announcement that 637 million bu corn was under support is most impressive and is a new record. The previous high was 550.8 million bu from the 1948 crop. The 18 million bu of wheat under oan is insignificant; 15 million represents Oklahoma and Texas wheat and the ater harvesting states have hardly had a chance yet to utilize the support.

There was no surprise in the monthly crushings' figures on soybeans. They were naturally smaller than for May but a shade higher than in June 1960.

Chicago wheat stocks showed only a moderate increase of 1.5 million bu which gave us a total of 4.2 million bu. Car-lot receipts today were 629 cars but rains over the belt are still retarding the movement. Corn increased 572,000 bu while beans showed a large decrease of 1.3 million bu which still leaves 7 million here. Probably as a result of this, September beans were higher and gained on the November. The deferred months were quite indifferent. Wonderful weather over the weekend makes the crop outlook for both beans and corn highly satisfactory. Later reports indicated that significant amounts of rain had fallen over the Peace River stations and over other parts of Alberta. This caused a 10¢ decline in Winnipeg flax futures. Our corn market was naturally influenced by the government announcement that they would sell sorghum grain, but the market took this news fairly well. The mid-day weather forecast was for some afternoon and evening showers in Minnesota, and for an unsettled condition generally over the Northwest. Iowa during the next day or two is apt to get quite a little rain yet. Rye was higher partly in reflection of stronger wheat prices. Wheat acted very well after early hesitancy. There was very little pressure and a more bullish sentiment is building up as many traders feel that large quantities will again be impounded.

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CHICAGO, 4 July 25, 1961

The fact that the USDA reported 94 million bu of beans in all positions of July 1st is a bit difficult to reconcile. The total disappearance during the 9-onth period since the start of the season figures 488 million bu from a supply of 2, but taking statistics covering crushings, exports, seed and feed only 462 million was used, but this discrepancy is a result of the fact that a quantity of new crop ans was crushed prior to October 1st plus the fact that there is always consider-le loss from a crop of this size. Nevertheless it certainly appears as though new op beans must be available in September of this year or a shortage would exist, t then the probability of this is most likely especially if any premium exists for rly shipment. In the meantime some processors say that they might partially shut-wn for a while because of the tightness in the supply situation, and it certainly pears as though the projected carryover figure of 5 million bu as earlier forecast the Agriculture Department will be borne out. Our market was strong at the start is morning, and in addition to the report on soybean stocks, export inspections for e week ending July 21st were 3.7 million bu which compared with 2.4 million in the rresponding 7-day period a year ago. Cumulative totals for the season show that 6 million bu have been shipped compared with 120 million during the same period 1960.

July 1st stocks of corn and sorghum grain were recorded well above the evious banner levels, but in the case of corn disapperance, too, was at a record ce. In the case of oat supplies on the first of July they represent the carryover d at 324 million bu are 21% above last July, and compare with the average of 283 illion bu. The wheat carryover was officially given at 1,407 million bu versus 314 last year, and a comparatively small 10-year average figure of 777 million bu. is, too, was the largest amount for that date in history, but may hold up as such r a while as the reduction in the spring crop outlook should mean inroads during e coming season, and the acreage reduction plan presently being considered by ongress might help reduce surpluses. Even with these large supplies, wheat prices ve been firm, especially considering that this is the harvest period, but farmers ve held rather tenaciously even though prices in many cases are above the loan, t they always have the support program to fall back on which encourages this licy. At the same time export demand is quite good but wet weather has delayed rvesting in the red wheat belt so that it might be a little early to become too thusiastic.

The rye carryover, which was given as 14 million, is better than the million bu of both a year ago and the average so that even with losses in our North-est the present price pretty much discounts the situation, and supplies might very ell be ample during the coming season.

In our Northwest, as well as in Canada, skies are clearing but cooler r is spreading southeastward, and very definitely relief has been beneficial in eas in which rains occurred during the past few days. According to a private report little more optimism is displayed in the Dakotas and northern Minnesota although uch of the small grains, especially barley and oats, were considered beyond help fore the improvement in weather. Spring wheat and durum have fared a little better, t the western Dakotas and eastern Montana are still mostly dry. Corn looks fairly od in the more western areas of the Dakotas, and soybeans throughout these states ok generally good. Canadian reports indicate better export interest in flax than ere has been for some time, and as Winnipeg markets have reacted to the recent ins, it is felt that they are again at the level where purchases are more in order.

Short covering was featured in the soybean pit and the September in rticular gained ground, but growing reports are excellent and the probability of rvesting during that month leads us to believe that the present premium over ovember is not fully warranted. Of course, users may draw on Chicago for sup-ies, and the changes in local stocks must be watched closely. The products gained the beans for the reason that smaller crushings would result in lower meal and l stocks. Some export business was done in soybeans, but mostly for October ipment.

Primary receipts of wheat amounted to 4.4 million bu versus 3.9 illion last week and 8 1/4 million a year ago today. Our market was a little etter, but there was no special feature and corn, too, improved somewhat but e CCC continues offering large amounts from its stock.

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CHICAGO, 4 July 26, 1961

President Kennedy solemnly told the American people last night that he U. S. would go to war if need be to defend the freedom of Berlin. This was a orceful and forthright statement. He then explained the steps that he considered ecessary to strengthen our military position inthe showdown with the Soviet Union. omewhat apologetically he told us that he would request from the Congress an dditional $3. 2 billion appropriation for the armed forces and would increase the trength of our army to approximately 1,000,000 men from the current authorized trength of 875,000. Similar increases would also be called for to strengthen the Navy and Air Force units. In the coming months draft calls would be doubled and rebeled and many of the ships and planes once headed for retirement would be re-ctivated, while the increase of strategic air power would be brought about by delaying the deactivization of B-47 bombers. He also will request an additional $1.8 billion for the procurement of non-nuclear weapons, ammunition, and equipment, and lastly, a request would be made to the Congress for new Civil Defense funds for air raid shelters and similar facilities.

Certainly in a time of tension such as the world is now undergoing, no loyal American should regard these objectives with disfavor. The weakness, f any, in his nationwide television address was that he did not reassure us of our already great prowess in the defense field before taking the more drastic steps which he then enumerated. It is true that he did point out our great economic strength and the strides that have been made during the past six months, so that for the time being he foresaw no necessity for raising taxes, although qualified this by pointing out that he would ask for them after the turn of the year if it became necessary. He left the door open for negotiations on Berlin, saying that if the Soviet Union seeks genuine understanding and not concessions of our rights, there would be room for further deliberations.

Before our market opened this morning, there was not too much to guide it. Hedging pressure had developed on a little heavier scale late yesterday and continued to some extent this morning, but in our opinion Chicago stocks will not build up to their peak until August or September, and in the meantime there is some export business taking place almost daily. With the somewhat smaller crops in Europe and the very poor outturn in Canada we should have a fairly easy time to build our total clearances to last year's record of 675 million bu. The Kansas weekly report spoke of substantial rainfall last week which revived pasture growth over most of the state. The Illinois bulletin told of corn averaging 5 feet in height, which was about normal for this date but 10 inches taller than last year's growth at this time. The Illinois outlook remains bright in most areas, following timely showers the past week. One-fifth of the soybeans are podding, which is equal to a year ago but is poorer than the 5-year average of about one-third. According to the 5-day forecast we should have an unsettled map over the Central States, which is ideal for best crop development. More rains fell over the Northwest, heaviest at Huron, South Dakota, but moisture in Canada was generally insignificant.

Primary receipts of wheat were a little over 3 million bu. This was smaller than last week and compared with 3.8 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1.3 million bu.

Trade was rather dull for long periods and some of our fluctuations were in response to changes at Winnipeg. For example their flax and rye at one time were very stong but lost ground, and finally rye in our market reacted. We talked to Winnipeg just before the close and were told that there has been some improvement as a result of the spotty rains, but it is hard this year to gauge the final results. A little hedging came into both the Kansas City and Chicago wheat markets and we had lower prices, but rather feel that with the short crop in Canada and smaller production in Europe that purchases can be made on setbacks. Corn was weaker and so were oats. Weather seems to be almost perfect for corn and beans, and for example in Iowa 40% of the corn in that state is tasseled compared to only 20% a year ago. Soybeans were inclined to be weaker and some of the bullish feeling of yesterday has been dissipated although September still maintains a good premium over November because it looks now as though our carryover reserve would be very small and we will naturally depend more on the early arrivals. By the same token the big premium of September will encourage farm selling.

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CHICAGO, 4 July 27, 1961

One of the reasons for record U. S. wheat exports this past season s that crop production in other lands was curtailed. Furthermore, shipments doubtedly will be at least as large during the present season for a number of reans, including the fact that Canadian output has been affected by drought, and in our rthwest wheat and other crops have been materially hurt. In addition, acreage ograms have cut into over-all output of grains, and our government has shown a sire to expand overseas shipment as a good will measure. We have mentioned ropean crop conditions which are poor by comparison as many countries have anted smaller acreages, and more emphasis is placed on industrial growth, and cording to Broomhall's latest report production of wheat in France probably will around 10% less than a year ago. The same is true for the United Kingdom pos- oly to a smaller degree, and output in Western Germany also will be less than a ar ago. There are exceptions, including India, which is one of the largest takers U. S. wheat, and grainprospects this year are likely to cover domestic needs, but at country has commitments to import large quantities during the next 12 months.

We have known for some time that the situation in Red China is serious, t the degree might have political implications as well. As a matter of fact, food pplies are so low that some quarters fear that country would have little to lose rough military action merely because the population masses there are plagued by e of the worst natural disasters in over 100 years. Weather has had a good deal do with the crop failure in China, but the communal farming system certainly is tiquated, and that country has not shared in the technical advances seen over much the rest of the world. Little reliable agricultural information is received from her Iron Curtain countries, but the USDA in their most recent issue mentions that ospects in the U.S.S.R. are improved over the past two seasons, and with a probe larger grain crop the Russian export capability will increase though that governent has the problem of obtaining increased feed stocks to improve the unsatisfactory eat and milk situation. In Poland the harvest this year probably will be more proctive than in 1960 while Czechoslovakia will raise about an average crop. The outok is less favorable in East Germany, with the labor shortage partly to blame so at rationing of certain foodstuffs has been increased since last winter. Except for nter wheat, Hungary will produce a generally good crop while the projection for igoslavia is dimmed by a serious spring drought so that production will be about % below 1960.

Final Congressional approval probably will occur shortly on an exnsion of the Feed Grain Program for 1962 along the lines of this year's corn and rghum program except that barley will be included. In return for a mandatory % wheat acreage cut, farmers would get cash or wheat from CCC surplus stocks d a voluntary additional 30% reduction would be rewarded in the same manner. r. Freeman would have authority to establish the loan between 75 and 90% of parity t is expected to set it at $2.00. One thing that is not clear is whether spring heat and red wheat might be differentiated to varying degrees, and this is terribly iportant as there is no surplus to speak of in either of these types of wheat.

There was no moisture of consequence over western Canada last night d the crop outlook remains poor in many districts. Some rains have been received the corn belt where both this cereal and beans are still reported to be in good to cellent condition.

Primary receipts of wheat amounted to 2.6 million bu which comared with 3.6 million last week and 4.3 million a year ago today. Kansas City and linneapolis stocks increased a total of 1.8 million bu so far this week.

Wheat had a fair undertone despite the fact that a good deal of hedging ressure occurred and combining is advancing rapidly in the red wheat territory east f Chicago. Nevertheless some export demand was witnessed for this type and some uying might be attributed to the proposed reduction in supplies as a result of the ew farm program. Soybeans were weak despite good buying of November by a rocessor against the sale of products. The problem in soybeans is one of supply uring the month of September, and though there is a good demand for warehouse eceipts in Chicago at the moment and a decrease in stocks might again be as much s a million bushels when reported next Monday, there is every likelihood that new rop beans will be here in time for delivery on the September contract.

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CHICAGO, 4 July 28, 1961

While we are still struggling in this country with surplus problems, rticularly in wheat and feed grains, just the reverse situation is now confronting estern Canada, despite recent rains that have brought only partial relief. It is lt in some quarters that the widespread drought conditions have created a number problems not the least of which is provision of adequate feed and grain as well as dder supplies to maintain the large cattle population during the coming winter onths. In this connection the Canadian Federal Minister of Agriculture has voiced ncern over the recent trend in the price of feed grains, and has put forth a series proposals in an effort to maintain a proper balance on the price range between ose who have surpluses to sell and on the other hand those who will have to buy. is true that there were some light scattered showers in Alberta and Southern skatchewan again last night, but it is questionable how much relief will be afforded this later moisture. A few thunderstorms are likely over Eastern Manitoba this ternoon and some showery activity is expected to develop in Alberta and Western skatchewan later in the day accompanied by lower temperatures, all of which would ve been most helpful had this occurred two or three weeks earlier.

The Quaker Oats Summary this morning points out the same grim icture although admits that cooler weather in Manitoba will make for some fair ields and good quality of grain over late planted fields and summer-fallow land, ut here again this is the smallest of the producing Provinces, and even at best ver-all conditions for that country are anything but good. In our Northwest, we ad some fair rains in Minnesota again last night and the moisture also visited orth Dakota, with .82 inch reported at Williston and smaller amounts elsewhere.

On August 24th, Secretary Orville L. Freeman will ask wheat farmrs to vote on a referendum to determine whether or not marketing quotas will be effect on the 1962 crop. In the past there has never been any difficulty in getting ffirmation of this question, and we think despite the new program which undoubtedly ill be adopted that this year will be no exception to the rule. Thus if farmers hoose to favor quotas all cooperators will be eligible for the full 1962 wheat price upport. Earlier this week at a Press Conference, the Secretary stated that such upport would be in the neighborhood of $2.00 per bushel and, of course, this again s a very attractive proposition which not many producers will wish to turn down. owever, those farmers who do not comply will probably be subjected to the same ype of treatment that occurred with noncompliance corn farmers through governent selling of surpluses. Before any quotas can be put into effect, at least twohirds of the producers voting in the referendum must approve. The House late esterday passed a version of the Farm Bill similar to that which was approved by he Senate a day earlier. A few small differences may have to be worked out by oint committees, and as we have stated earlier in these letters, there will be a oneear extension of the Feed Grain Bill in addition to the program planned for wheat.

Primary receipts of wheat were practically 3 million bu which was a ittle less than last week and compared with 4 1/4 million bu last year. Kansas ity and Minneapolis stocks so far this week show a total increase of 2.1 million bu. hen the visible supply of wheat is posted on Monday it will compare with an inrease of nearly 20 million bu in 1960.

Wheat was a little hesitant during the first hour but later gained trength and there was a considerable amount of investment buying. Hedging was ot particularly heavy but wheat encountered some selling of this character and we hink there will be more of it, particularly as there is still a lot of the soft winter heat to move. Would therefore be a little careful about becoming too enthusiastic n bulges. There is some export business but, of course, we can expect this to be lmost a daily affair with the big program that we have before us. On the other and, there is a rather slack pace in flour circles. September beans continue to be little stronger than the later months. The crop prospects are well maintained alhough we did hear of a few reports from Iowa claiming too much moisture. Orinarily at this time of the year we run into a very dry period and therefore we would ot become emotional if a few sections have had temporarily more rain than they eed. Rye was rather firm but we think it is going to require a good export business keep the market moving higher. Chicago bean stocks on Monday will probably ecrease in the neighborhood of a million bushels and we may have another week of irly large export shipments.

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CHICAGO, 4 **July 31, 1961**

The output of grains affected by the acreage reduction programs
ll not be cut as much as the percentage of land retired might indicate. First of
l, farmers naturally idle the poorest producing soil, but even more important is
at the growing use of fertilizers has been a tremendous item in American agricul-
re in recent years. Over the last two decades, four times more is used than in
40, at which time the amount spread on growing crops was 1.7 million tons, and
is was small by comparison to the 7.5 million tons used by growers in 1960. The
sult of this has been a food supply superior in quantity and quality to any country
the world, so that we are a nation of abundance to the degree that the surplus
ain problem is of major concern. At the same time, about one-third to one-half
e world's population suffers from hunger or malnutrition. In the Far East, 11%
the average food supplies fall short of requirements in terms of calories, while
Europe, Australia, and North America people overeat by 20%. By the year 2000
D. it will be necessary to triple food supplies to bring about a moderate improve-
ent in the nutrition level of the world as a whole, taking into account the expected
pulation increase. In the U.S. food is a bargain by comparison, as an average
dustrial worker needs one hour's pay for the same supply as a man in
ermany or England could buy with 2 hours' pay and in France 4 1/2 hours and
aly over 5 hours'. A Russian worker would have to spend eight times as many
urs as an American to get one dozen eggs and twenty-one times as many to get a
und of sugar. We are convinced that this comparison is favorable because ours is
free society and we would hope that the incentive system is permitted to work not
ly in farming but in all phases of industry as successfully in the future as it has
the past, so that we can keep our economic lead and continue to be a country of
undance.

During the past few days, moisture has been received in almost
l sections of the corn belt and that crop and soybeans must be in good to excellent
ape. As a matter of fact, in both cases the crops have nearly ample moisture and
the case of beans, we believe that whatever premium exists in September will
courage growers to cut and market this commodity in order to take advantage of
y better price. For this reason, we can expect some pressure on the nearby fu-
re even though further reductions in Chicago supplies occur. Some improvement
s occurred in the Canadian situation with crops in Manitoba and Alberta respond-
g to precipitation, but pessimism is displayed in Saskatchewan. The Canadian
ax market was sharply lower this morning. At the same time harvest of wheat is
rgely through over much of southern Europe and extending into the central and
estern portions and following completion more accurate yield reports will be avail-
le. A good deal of rain also fell in our Northwest during the past 24 hours, so
at the outlook is much better, although the Santa Fe Railway crop report says
at in Montana, North and South Dakota, and in the northern sections of Minnesota
ought conditions were more severe than during any period since the mid-1930's.

Wheat, corn, and bean parity were the same in mid-July as the
onth earlier, but our wheat market was firm in early dealings with shorts cover-
g in view of the light hedging pressure. A good deal of red wheat remains to be
mbined and farmers are merely awaiting drier conditions.

During the week wheat stocks in Chicago increased 3 1/4 million
, so that almost 7 1/2 million make up the local supply and it should grow as the
rvesting of red wheat continues. Corn stocks also increased 320,000 bu and no
ubt carrying charges will tend to widen further as the CCC is still a heavy seller.
r market was lower and the main reason is the improved crop outlook and one
ivate reporter suggests that record yields may amount to a crop of possibly more
an 3 1/2 billion bu. Oats, too, were under some pressure and local supplies in-
eased 105,000 bu and a good deal of this crop remains to be harvested. There
s a slight increase in local supplies of rye and over 2 million bu are stored in
r market. A decrease in bean supplies of more than 1 million bu leaves 6 million
this city, but prices declined as the hot, humid weather generally over the bean
lt should be perfect for growth. Some meal was tendered against the August con-
act which caused weakness in this product, but oil was firm.

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RCHANTS EXCH. OF ST. LOUIS

UHLMANN & CO., INC.

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CHICAGO MERCANTILE EX

CHICAGO, 4 August 1, 1961

A worth-while book could be written today entitled, "A Century Progress in Science and Engineering." This might embrace also the changes in e nation's employment pattern. For example, in 1860, a U.S. farmer could feed mself and five others. Today, he can feed 25 others. As a result, farming's re of the total work-force has declined from 60% to less than 9%. Meanwhile, in-strial growth has created millions of new jobs. As long ago as 1920, factory and nstruction workers outnumbered farmers. Recently there has been another shift: nce 1950, the so-called "service jobs" (in finance, trade, utilities, government, c.) have been dominant. The constantly shifting employment pattern has been part d parcel of America's economic growth. The factors which brought about each ift have also brought higher wages, higher living standards, and countless em-oyment opportunities in new fields.

In 1900, Americans greeted a new century and wondered if the orld could become more modern than it was. Travelers from New York to Chica- came by rail in a night and a day, while by jet the same trip today is made in e hour and 45 minutes. Since 1900, or in a period of 60 years, the world and the bs seem like ancient and unfamiliar history. Between 1900 and 1950, the face of e nation's work-force changed entirely-- more, in fact, than during all the gener-ions that had gone before. The reason for all this is technology. True, many sisted automation, but despite this resistance our progress has been phenomenal d the job total had doubled while the nation's wealth had risen elevenfold. For st one example, let us take farm chemicals. A half-pound of a single weed-killer day saves four manhours of hand weeding in the field. This is one example from field of thousands of how some 14 million "would-be" farmers were freed for her jobs. In manufacturing there has also been startling success in achievements. or instance, in 1910 a Ford auto chasis could be assembled in 12 hours; by 1914, could be put together on a conveyor line in a little over an hour and a half. Today en those methods seem antiquated, and, of course, wages have also risen. The a day wage that Henry Ford was paying just before World War I would seem a ere pittance of what a worker receives today.

Before our market opened this morning, we had last night's fig-es of weekly bean exports, which were 1 3/4 million bu-- 2 million less than a eek earlier and compare with 2.8 million bu last year. To-date our shipments e about 5 million smaller than they were a year ago. It was almost a foregone nclusion that, despite yesterday's reaction, beans would open lower. Corn has en under pressure largely due to government selling, but according to official gures, the 1961 corn crop is expected to fall below total utilization, which has been nging from 3.3 to 3.7 billion in the last three years. The July 1st crop esti-ate of 3.2 billion is probably 700 million smaller than the 1960 output, although ere may have been some improvement lately due to the exceptionally fine weather. ould we produce only as much corn as was indicated in the July report, our car-over stocks at the close of 1961-62 would show a reduction for the first time in n years. Some parcels of new crop beans were sold overnight to the Continent d West Germany is expected to be in the market shortly for 100,000 tons of corn any origin. However, East Germany is expected to supply 20,000 tons and other urces will be Eastern European countries, but we are expected to get a fair nount of the business from here.

Primary receipts of wheat were considerably larger today and nounted to 7.3 million bu, which compared with 4.3 million last week, and 5 mil-on last year. Kansas City and Minneapolis stocks so far this week show a total in-rease of 510,000 bu. The government weekly grain crop report was fairly optimis-c except for the poorer regions of the northwest and the Pacific Northwest. How-ver, there were frequent showers during the week in North Dakota and this additional oisture continued to aid small grains. It was also beneficial to late flax and they ooke of almost half of the flax acreages turning in Minnesota. Corn continued to ake rapid growth throughout most of the corn growing regions, as temperatures, umidity and moisture were again about ideal for development of the crop. Wheat oday was influenced by a large volume of flour business with one baker said to have equired his needs through December. Outside markets were a little stronger than e were. Lower prices were registered for meal and oil, which had a little more earish impact on September soybeans than it did on the later months. All, however, ere lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 2, 1961

Secretary Orville L. Freeman, in a speech at Purdue Univer-
ty a day or two ago, pointed out that in 1960 the per capita income of our non-
rm population averaged $2,282, while the per capita income of the farm people
veraged only $986, which included government payments plus income from out-
de sources. This statement should be scrutinized a little more carefully because
general farmers get their board and lodging which is taken out before net income
computed. In other words, whatever they eat is largely grown on the farm where
is raised, while the factory worker must buy his food after payment of taxes and
so pays rent on his home or lodging, so that the comparison just cited is not 100%
ccurate. It is a fact, however, that factory workers earn on an average of $2.29
er hour while farm labor brings only 82¢ per hour. There again this is not a com-
letely fair comparison, because in most instances farm laborers get their lodging
nd their food in addition to their pay. It is true that the cost of food since 1947-
9 has risen about 20%, while the cost of all other items in the cost of living index
as risen 30%. There have been some very startling increases, such as transpor-
tion costs, which have gone up 46%, housing 31.5%, and medical care 56%.

The farmer is still a very important cog in our economic
achinery because he spends $25 to $26 billion every year for equipment, goods
nd services needed to produce the country's food and fiber. He and his family
pend another $15 billion a year for ordinary living items which include everything
rom teacups to T. V. sets. Farmers also buy $ 2 1/2 to $3 billion worth of trac-
ors, machinery equipment and motor vehicles a year. They spend $3.5 billion for
uel, lubricants and maintenance, and an additional $1.5 billion for lime and
rtilizer.

Before our market opened this morning, there was not too
uch to guide it. However, rye futures advanced very sharply on the strength in
innipeg, but the advance here was more rapid as stop-loss buying was uncovered.
apan bought two cargoes of West Coast white wheat and also a cargo of West Coast
ard wheat. There was not the commercial buying by mills, as apparently most of
e large flour business had been put through the day before. Nevertheless, there
as no pressure of any consequence, and Chicago stocks are building up slowly
ecause of inclement weather, which has had its effect on local supplies that pres-
ntly are much smaller than a year ago, but we think that this will be made up
ter on as the movement expands. During the past 24 hours there was some rain
Minnesota, but not muchin South Dakota or Montana. According to the Peavey
eport, temperatures were generally seasonal during the past week with some good
ain reported throughout the area. Soil moisture conditions have generally improv-
d the last two weeks with late seeded grains and flax both benefitting. While the
ecent rains have not improved crop prospects very much in the western two-thirds
f North Dakota and eastern Montana, there has been some late seeded flax that
as helped. The recent rains have not actually broken the drought but have tended
make it less severe. According to their estimate, small grain yields for the
rea as a whole will likely be about 10% higher than the last official report. In
wa, according to the weekly crop bulletin, the corn crop was about 70% in tassel
nd was showing silk. Last year at this date 55% of the corn had tasselled, while
bout 30% had silked.

Primary receipts of wheat were a little over 3 million bushels
nd exactly the same amount as last week, which compared with 2.7 million bushels
ast year. Kansas City and Minneapolis stocks so far this week show a total increase
f 950,000 bu. After the first hour soybeans turned strong. There was both short
overing and commission house buying. A good many people feel that in spite of the
lowing crop prospects, that much of this has been discounted and there was also
ome buying of new crop months against sales of products. Some parcels of beans
ere sold for October shipment to Japan and France, and there was considerable
nquiry for beans from the Continent, but no real business has been reported yet.
eptember beans gained a little on the later months on reports that there was a fair-
y good inquiry for beans during the month of September. Yugoslavia bought a cargo
nd a half of hard wheat for late August shipment via the Gulf. Wheat failed to go up
uch, but showed a firm undertone. Thus far only one chain has contracted for year-
nd requirements, but mills are booking independent bakeries rather steadily. Corn
ida little better, but it is hard to become very bullish as long as *government selling*
ontinues.

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DAILY MARKET LETTER

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CHICAGO, 4 August 3, 1961

It can almost be considered a natural occurrence for the stock arket to be as strong as it has during the past week or so, as government action licates new record financing. The large appropriations that have been voted mean eater deficit spending and, consequently, an economy inflated more than ever be- re. Defense spending authority of over $47 billion has been approved by the Senate ppropriations Committee in order to further prepare this nation for the Berlin and rious other crises, which are being perpetuated by a few foreign powers in their nstant efforts to weaken our defenses. What the final outcome will be only time il tell, but in the meantime we have dedicated ourselves to spending huge sums of oney in order to strengthen not only ourselves but our allies, and the cost is tre- endous. While this is being done prices of many consumer goods rise and personal debtedness also climbs, all of which is reflected in the stock market, which acts a pretty good barometer, and have climbed to new all-time highs. Even utility ocks reached their highest level since the week prior to the disastrous Friday in ctober of 1929. We would think such a recurrence is much less likely now though e alternatives to meet these financial obligations are positively not acceptable ther, so that having defined our intentions in regard to international policies, we e of the opinion that further inflation and resulting higher prices are in prospect r some time.

An interesting situation has developed in regard to the price vel at which wheat is currently selling. The Department of Agriculture has an- ounced that its aggregate stocks, as of July 1st, were almost 100 million bu larger an the previous record reached a year ago, and, of course, impoundings will add this supply. Yet in the face of this, current quotations on bakery flour show lvances of 35 to 45¢ per cwt in comparison with a year ago. A good deal of this eflects the fear that free market supplies will be small and wheat futures average nywhere from 10 to 15¢ higher on the three large exchanges. In addition to a tight rm holding policy, The Southwestern Miller attributes the current strength to the ar scare in Berlin, plus alarm over the reduction in spring wheat production in ur Northwest, as well as a much smaller Canadian crop. At the same time protein ontent is comparatively low on southwestern wheat, and we might add to this that a ood many people feel that the reduced wheat acreage next season, due to the new rm program, might result in a better demand for this year's crop, particularly ward the end of the season. The harvesting season has been extended because of et weather, particularly in the red wheat belt, and combining probably will con- nue for another week at least, so that no concentrated pressure has come into our arket, as usually occurs at this time of the year. Mill buying has been witnessed some extent, but the lifting of hedges against export business, which remains at s peak level, is small considering the number of sales that have been made. Never- eless, speculative buyers have been active and the open interest has increased, hich also is normal for this season of the year, and especially as the big interest in oybeans has waned with the expiration of the old crop contracts, are traders becom- g more interested in wheat again, as all these factors combined to give us pros- ects for an interesting market.

Last night the Canadian Bureau of Statistics estimated acreage own to principal crops in that country and wheat acreage appears to be about the ame as a year ago. The same is true for oats, but less land has been planted to arley and rye, while flax acreage is almost as much as last year and above average. ooler temperatures are forecast for the Western Provinces with some rain forecast

Markets were generally lower this morning with beans rather eak, and the nearby month lost ground as state reports mention excellent crop pro- ress. Condition of beans in Missouri, Illinois and even Minnesota is termed ex- ellent, and a private report will be issued tomorrow morning undoubtedly projecting ecord production for this commodity. Most likely there will be a predicted raise n the corn yield, and for this reason prices for the yellow cereal declined despite ome support by industrial users. Wheat also declined fractionally, but a good deal f flour business was reported and volume is expected to expand to cover bookings hrough the end of the year.

Primary receipts of wheat totaled 4.7 million bu, versus 2.6 illion last week and 3.1 million a year ago. Kansas City and Minneapolis stocks ave increased a total of 1.3 million bu so far this week.

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CHICAGO, 4 August 4, 1961

Half an hour after the market opened, the Galvin report was is-
ed showing soybean production, based on conditions August 1st, at 654 million
. This is a 38 million-bu increase over the one-month earlier statistic, but we
ll have to wait until next week for the government report, which will be their first
shel estimate of this season. There was no great surprise in this morning's re-
ase as the state reports have been most favorable, and the Quaker Cats' report
sued before the opening said that the general condition and over-all prospects for
th corn and beans is nothing short of magnificent. As far as corn is concerned,
alvin placed condition of the crop at 91% of normal compared with 82% a year ago
d the ten-year average of approximately 87%. He concluded that a bushel output
3,321 million is likely. This is an increase from the government figure based
July 1st conditions, though, despite the probability of record yields, this year's
op will be smaller than the 4 billion plus output of the past two seasons, because
the response to this year's acreage reduction program.

The same source indicated a 1,015 million bu oat crop, which is
million larger than the official forecast for July, and from all recent reports,
elds are rather good, but here again acreage is down from a year ago. The total
nount of wheat to be harvested in 1961 is forecast at 1,240 million bu, of which
081 is winter and the remaining 159 million bu is spring. This is a little more
the latter category than the government report one month earlier, but points out
e seriousness of the situation in our Northwest. As a matter of fact, the Quaker
its' report this morning mentions that conditions in Canada continue to be mostly
excellen t in Northern Alberta and extreme Northwestern Saskatchewan, and
at recent rains in Manitoba/have improved the situation in some areas but conditions are still
itical over much of Saskatchewan and Southern Alberta. However, recent moisture
s improved the pasture and feed situation there.

Both Houses of Congress have approved and sent to the President
e new farm bill, including a one-year stop-gap wheat plan calling for price sup-
rts for those farmers who reduce their acreage 10% or more with payments on
to 40% withdrawals. Additionally, the Feed Grain Program will be extended
rough 1962 to include barley along with corn and sorghums, and the support price
r corn is expected to be set at $1.20 again for farmers who comply on acreage re-
ctions between 20 and 40% based on average 1959-60 plantings. Also included is
three-year extension of P.L. 480 authorizing Title I soft currency operations
$1.5 billion annually and Title II, with donation programs of $300 million annually.

The USDA also announced a minimum sales policy for soybeans
ken over under next season's support program. 16 1/2¢ per bu has been added to
e $2.30 loan rate enabling CCC to offer this commodity from any stock it accumu-
tes after the June 1, 1962 takeover date, at $2.46 1/2 national average. We would
agine that their accumulation might be rather sizeable, despite indications for in-
eased consumption so that this announced selling price could act as a type of lid
free market values once they become competitive.

Our wheat market was very firm all morning as a good deal of
fferent type buying came into the pit. Mills again purchased against flour sales
the demand overnight was somewhat better. There is a tremendous amount of
port business being done in hard wheat and a house with export connections was
ticeable as a big buyer of Chicago futures. At the same time farmers are tight
lders and supplies in Oklahoma and Texas are hard to come by.

Some foreign sales are being made almost daily in soybeans, but
ostly for new crop shipment and our market was little changed as the private crop
port was fairly well anticipated. Nevertheless, with this si ze crop some pressure
rtainly can be expected. Some support came into the corn following a good deal
liquidation which occurred as a result of the privately issued report, but the CCC
ill sells voluminous quantities from its stock resulting in a good deal of pressure
d even though this is the main source of supply at the moment, it appears more
an adequate for commercial and export needs. As a matter of fact, Chicago
ee stocks are still over 11 million bu.

When the wheat visible is posted Monday, it will compare with an
crease of 14.8 million bu in 1960.

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CHICAGO MERCANTILE EX

CHICAGO, 4

August 7, 1961

Department of Agriculture officials are more pleased with the first
alf year's results and are confident that their programs will bring greater stabil-
y for producers. Net farm income during the first six months of the present cal-
ndar year ran at an annual rate of $12.6 billion, which would be up 7% from the
evised estimate for the entire 12-month period of 1960. This includes a 3% rise
cash receipts from marketings and prices also have been slightly better. Govern-
ent payments to farmers accounted for most of the improvement. However, pro-
uction costs rose a little bit, which is true for the economy as a whole. Neverthe-
ess, gross farm income is going up three times as fast as costs, which is a rever-
al of the trend of recent years and this, of course, eases the cost price-squeeze
or most farmers. This can best be shown by the fact that gross income climbed
lmost steadily from the $33.3 billion received in 1955 to $38.1 billion in 1960,
ut during that period realized net income went from $11.5 billion to as high as
12.6 billion in 1958 and back to $11.7 billion last year. Production expenses in-
reased from $21.8 billion in 1955 to their high point of $26.4 billion in 1960.

We do not necessarily agree with the methods being employed to
olve farm ills, but it must be admitted that the most necessary objective is to re-
uce surpluses to a working level, which means that current plans might require
number of years under the present legislative programs to accomplish their ends.
reserves are reduced to manageable levels at some future date, we would hope
hat control programs might finally be eliminated and free markets could exist
gain.

There was no special news over the week-end, although rains occur-
ed over portions of the red wheat belt and they have beenso intermittent during the
ast month that combining has been strung out resulting in an unusually late har-
esting period. For this reason there has been no real concentrated selling pres-
ure and futures have held rather well and mill and export buying has been quite
rominent. Today is a holiday in Winnipeg, but our rye was very strong from the
tart as extreme temperatures prevailed over western portions and readings in the
0's were common for the Provinces. Weather for corn and beans is mostly good
nd warm temperatures and clear skies are needed for the next week or two to put
oth crops in best shape, and, as a matter of fact, most reports are that both com-
nodities are generally ahead of schedule. The CCC continues selling corn from its
tock and domestic sales amounted to 6 1/2 million bu last week, but this figure is
little small by comparison with some of the recent reportings.

According to Foreign Crops and Markets there have been substantial
ncreases in 1961 Soviet acreages planted to wheat and corn for dry grain, but a
eduction took place in the corn area planted for silage and fodder. Previously re-
orts about that country's wheat crop were generally optimistic as weather has been
airly good so that the Russians may be able to export some small quantities for ef-
ect as they have done in some recent years. According to Broomhall, conditions
ave improved over much of the Argentine and Australia, but rains would be gener-
lly welcome in both countries. The Communist Chinese are negotiating for Austra-
ian wheat in addition to previously consummated contracts. Harvesting of wheat is
icking up momentum with reports indicating smaller production than last year due
o reduced acreages.

During the week Chicago wheat stocks increased 2.7 million bu so
hat total supplies here now amount to better than 10 million bu. Corn decreased
16,000 bu, leaving 24 1/2 million bu of which about one-half is free. Oat supplies
ncreased 480,000 bu to 4 1/4 mil. bu and though this may grow even more a good
eal of the harvesting pressure is now over so that prices for this grain might
radually improve. There is a stock of better than 2 mil. bu of rye including that
hich is afloat and local supplies of beans decreased 386,000 bu leaving 5.7 mil.
his was a bit of a surprise as the demand for warehouse receipts indicated pos-
ibly better shipments. However, we are told that possibly two-thirds of the beans
this market are held by individuals who are offering at prices comparatively out
f line with the bids.

Best prices generally did not hold as there was some nervousness
arly over the Khrushchev speech. Wheat, however, was supported mainly by ex-
orters and the early strength in rye did not fully prevail. Corn on the other hand
as under a good deal of pressure, especially new crop months.

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CHICAGO MERCANTILE EX

CHICAGO, 4 August 8, 1961

The new omnibus farm bill is another stab at trying to attack our
e surplus production problems and we have had about 3 1/2 decades now where
ious programs have been legislated in some form or another, but during this per-
one billion bushels of wheat was pushed into government storage in as little as
it years, while another 2 billion was being shipped out under special export pro-
ms, primarily designed as disposal measures. The situation would have been
n more accentuated because at existing prices another one billion bushels might
e been produced if our costly acreage and marketing controls and Soil Bank had
existed. Taking all these matters into account and having regard also for the
ciency of the American farmer, we could easily have added one-half billion bu-
ls of surplus wheat annually to our reserves at recent price and price-cost re-
onships. We thus may console ourselves that it might have been worse and about
only real cure would have been free markets where supply anddemand could have
e a better job of bringing about more normal conditions. We realize, of course,
t after all that has happened Congress cannot free both American farmers and
erican grain markets without exercising great caution. Obviously a step of this
d could not be safely taken overnight. It is essential to move to free markets cau-
isly and to employ appropriate adjustment devices for easing the pains of transi-
n. Even at the end of the transition period, it would probably be desirable to main-
n a standby minimum price guarantee to producers but one that would be set low
ugh so that it would rarely become operative. Thus it could gradually move low-
or higher in line with underlying trend values, based more on sound fundamentals.

In planning many of our farm solutions we deceive ourselves in
ne of our thinking. For example, P. L. 480 was designed not only to reduce sur-
ses but to aid humanitarian claims in the poorer parts of the world, and we had
ed to feed the hungry and poorer countries that had been undernourished. It is
y true that the bulk of P. L. 480 wheat does go to these less developed countries.
wever, it is not distributed free, nor is it sold at a discount to the hungry poor,
rather is typically sold through ordinary market channels to the well-to-do who
afford this luxury cereal.

After the close of the market yesterday the soybean exports were
lished and the weekly shipments amounted to 1.1 million bu, which was even less
n last week and smaller than last year. With so many of the beans in Chicago
sely held by presumably speculative interests, we think that our stocks will proba-
go down very slowly, and meanwhile there seems to be steady liquidation of the
tember delivery, which is coming closer to the price of November. New crop
spects for both beans and corn are still highly optimistic.

Primary receipts of wheat were fairly large at 6 million bu, which
mpared with 7.3 million bu last week and 3.7 million bu last year. Kansas City
d Minneapolis stocks so far this week showed a total increase of 492,000 bu.

The government weekly crop report spoke of frequent showers again
ring the period, which slowed winter wheat harvest in the corn belt, but despite
s fact the free stocks of wheat here in Chicago increased 2.6 million bu, so that we
v have a little more than 10 million bu here. Free corn decreased 236,000 bu leav-
11 million bu here. First prices for corn were lower and, of course, there is
scouragement because the government continues to sell, but at some price the mar-
should turn and there seemed to be a little better support on the breaks than we
ve had heretofore.

Hot, dry weather pushed Pacific Northwest grain rapidly toward
turity. There was a little hedging pressure in Minneapolis wheat futures, but that
rket is narrow and the crop at best can only be a small one. Flax harvesting began
ring the week in South Dakota, while in Minnesota it is turning rapidly. There was
ght pressure there in spite of somewhat higher prices at Winnipeg. There was
derate flour business with both springs and hard winters in demand. Quantities,
wever, were of smaller denominations than last week. Export volume was only fair.
e main feature today was in meal and nearby beans. The September soybean market
emed to be under pressure and it lost more of its premium in comparison with the
ferred months. August meal was also weak which contributed to the bearish senti-
ent.

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CHICAGO MERCANTILE EX

CHICAGO, 4

August 9, 1961

It is only natural we presume that the Administration in office
ould boast about its farm policies, particularly when there are changes that are
tended to bring about relief in one form or another. We can recall that Secretary
enson was very happy over the P. L. 480 program that put more grains into foreign
annels, and there were times also when he bragged about the barter programs,
s well as Soil Bank activities, all of which may have prevented a more rapid build-
of supplies. At the present time we find Secretary Freeman elated over
e reduced acreage in corn, claiming that the storage costs alone will be cut
bout $1 billion. However, there is little mention made of the fact that in order to
unish noncompliance farmers, the government is selling corn at about $1 per bu,
nd a few months hence will buy it back under the loan at $1.20. In other words,
ey will lose about 20¢ per bu on major quantities that are involved. The present
dministration is continuing the P. L. 480 sales calculations were made recently
y a prominent economist indicating that a net over-all return to the U. S. amounts
only 10 to 15% of the corresponding CCC costs. In other words, we are building
p excessive foreign currency holdings, large parts of which can never be collected.
he program also poses serious additional problems. Increasingly it has cast dis-
rbing shadows on unprincipled short-run expediency, deceptive exaggeration of
od and development benefits, concealment of financial losses, curtailment of
ommercial import markets, intergovernmental friction, and probably other defects,
ut mainly, of course, that the outstanding foreign currency loans will probably never
e repaid, all of which leads us to believe that we might almost as well give our
urpluses away.

The barter program has also created problems not only for
ompeting grain exporting countries but also for some of the raw material exporting
ountries that temporarily benefit from the American barter stockpiling. Obviously,
e artificial stockpile demand cannot be indefinitely sustained. Moreover, the
reat bulk of the so-called strategic materials have gone into a permanent stockpile,
specially created for that purpose, which holds a great threat of liquidation at
ome future time.

There was a very large flour business overnight and some of
he chain bakers who had not anticipated their requirements earlier came in for a
to 6 months' supply of flour, while others who had only bought to year-end had
ncreased their activities to February positions. Mills seem to be confident that
he build-up will reach a total that will surpass the crest of last season. Smaller
akers processors were equally aggressive.

Late yesterday, the Searle Grain Company report showed only
alf a wheat crop for the Canadian Prairie Provinces. Oat production was given
t 168.5 million bu versus last year's crop in the Prairies of 304 million, barley
10.2 million this season vs. 201 million last year. No estimate was made for
ye but surprisingly enough the flax crop at 14.4 million is nearly up to the ten
ear average of 16 million bu.

Primary receipts of wheat amounted to 3.5 million bu, which
ompared with 3 million bu the week before and 2.5 million bu last year. Kansas
ity and Minneapolis stocks so far this week show a total increase of 865,000 bu.

In view of the large flour business there was a good deal of buy-
g of futures, although probably not commensurate with the size of sales. The
ate reports continued of an optimistic nature and in Iowa 95% of the corn had tas-
elled by last Monday, while in Nebraska both corn and milo were said to have
enefitted by liberal rains locally, although some south-western counties and a
umber of counties in the central and eastern parts of the state still need moisture
maintain current prospects. In Illinois corn and soybeans are both well above
verage and the corn is growing rapidly and is said to be about 10 inches taller
an at this time a year ago. 90% of the acreage is tasselled. There was continued
elling of August meal and this naturally had its effect on September beans. More-
ver, one of the longs who had been carrying warehouse receipts sold rather
eavily and we heard of some prices that were even below $2.60 per bu, which is
e lowest since the expiration of the July future. There was also some stop-loss
elling in September beans with the result that the nearby future lost more ground
later months.

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CHICAGO MERCANTILE EX

CHICAGO, 4 August 10, 1961

Agricultural problems are always current and change from ar to year, but certain trends have been evident over the years, especially the nt technical accomplishments which have occurred, mainly in the last few decades. ere has also been a steady shift of people from rural to urban employment, which mbined with better production techniques means that farming and agriculture ust constantly be approached from a different political point of view. At the pres- t time, this is particularly hard to do because foreign affairs have and will con- ue to outweigh domestic issues as more than ever before our military security is such great importance but on the other hand the mere fact that world problems e so intense should our government try to realistically face up to the domestic atters that create the greatest drain on the budget. It has been proved that agricul- re can be used as a means of promoting world friendship by sending surplus goods road in the hope of improving conditions for needy persons in some of the under- eveloped areas. Yet at the same time we have found that many European countries d Japan, among others, have expanded their own output in order not only to make emselves more self-sufficient, but also, enabling them to provide for others. We pe that more countries will eventually be able to do the same thing, so that world- ide eating and living levels will rise because as people gain higher standards they come less likely targets for Communism. All of these are important concerns in eciding on a future policy for American agriculture, so it is important to use our roductive resourses with imagination and wisdom.

There was no particular overnight news to influence markets the opening but the government report, which will be issued this afternoon will be omprehensive in nature and show production figures for all grains and soybeans. s for the latter commodity, this will be the first bushel estimate and will compare ith the 654 million bu privately forecast last week. Technically beans and pro- ucts are somewhat improved after the liquidation which has occurred in recent ays, but statistics always carry more weight than anything else, and the size of e crop should determine whether or not further declines will occur. The same pretty much true for corn except that it might be that the government has sold nough from their surplus stocks to push prices to a low enough level to satisfy griculture Department officials and after the harvest has taken place and free upplies have found a home, possibly there will be less pressure from the CCC ntil such time as they take over the corn from this fall's harvest which will find s way into the loan program. The improvement in the crop outlook could keep the rice level down for a while but next winter values might improve.

There was no moisture of consequence in Western Canada ast night, which will permit farmers to harvest where grains are ripe. A little etter overseas demand for flax lent strength to Winnipeg markets this morning. ome small amounts of moisture were received in our Northwest.

Export and milling demand in the Southwest is still good but rotein wheat is not wanted as actively as during the past few days. A good deal f hedge-lifting occurred in our market yesterday against the flour business that ad been done the day before and further buying was on a large scale today. A rge quantity of hard wheat export buying is in the offing, including large amounts Italy, Turkey, and Brazil.

The USDA has decided not to change its decision in favor of aking producer-controlled cooperatives eligible for 1961 price supports on soy- eans. At the same time the Secretary of Agriculture has set the minimum national verage loan for 1962 wheat in the 39-state commercial producing area at $2.00 per ushel, assuming the quota is approved by producers. Department officials evidently e concerned with respect to the quality of wheat now being produced and marketed d might possibly offer premiums as an incentive toward production of higher ality wheat next year.

A good deal of mill buying occurred not only here but in ansas City and all commodities were strong for a while with short-covering and op-loss buying featured. Exporters purchased some corn, but rallies failed to old fully. Included in this afternoon's official report will be the revised estimate 1960 beans.

Primary receipts of wheat were a little under 5 million bu, ightly more than last week and more than double a year ago. Kansas City and inneapolis stocks increased 1 1/4 million bu so far this week.

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CHICAGO MERCANTILE EX

August 11, 1961

If the government is successful in solving the corn and feed grain
oblem they will be so by creating a bad situation for soybeans. The most optimis-
predictions for usage of this commodity next season cannot prevent a build-up
surplus stocks and the Department of Agriculture through its agency, the Com-
odity Credit Corp., will finally have to offer large quantities of beans at the loan
us 16 1/2¢, or around $2.51 1/2 track, Illinois points. This will be in direct
mpetition with free markets which last year netted farmers better than $3.25
r bu, if they were fortunate enough to hold and sell their crop at the proper time.
ose circumstances prevailed at a time when the national average loan was $1.85
r bu, so all the government did was to arbitrarily raise the loan to $2.30 for 1961
ans hoping farmers would divert acreage from corn, oats, and sorghums. In
ner words, they probably will be successful in reducing the corn surplus by creat-
g a soybean reserve and if this program continues we fail to see where the tax-
yer will be saved very many dollars.

The forecast of 683 million bu of soybeans based on conditions Aug-
t 1st compares with a crop of 558 million bu one year earlier and there are many
ho believe the final 1961 figure possibly could be larger than 700 million bu, This
eaks all previous records by a big margin as does the yield projection of 25.2 bu
r acre. Corn yields will be a record high at 57.5 bu per acre, but because the
tion's farmers complied with the emergency feed grain program a crop of only
352 million bu is estimated, which is approximately 540 million less than a year
o. Along with continued government selling through the harvest period, we ex-
ct this cereal to be on the defensive, but if prices decline to a much lower level,
e would think there would be little risk in owning corn as total supplies will be less
an a year ago, and so much of this year's crop will be eligible for the loan.

The combined wheat crop is forecast at 1,204 million bu, which is
ss than last year and even though winter wheat production has been reduced, the
ajor decrease appears in the spring wheat figure which is exactly 100 million bu
elow that of a year ago. There was no real surprise in this because of the drought
our Northwest, nevertheless, Canadian output will be substantially reduced also,
nd next year's U.S. wheat crop should be less than this season's output as the
overnment has devised an acreage reduction program for this grain. An oat crop
f 981 million bu was estimated and this compares with 1,151 million bu raised last
ummer, so that we feel moderately bullish towards this grain even though the
arryover July 1st was above that of a year ago. The rye estimate was about in
ne with the 26 million bu forecast one month earlier and added to the 14 million
u carryover, total supplies probably will be adequate as they are only slightly
elow over-all stocks of rye for the preceding crop year.

Winnipeg markets were strong because the USDA estimated 19.3 mil-
on bu of U.S. flax, the same as the July prediction, and Canadian traders had
hought that some improvement had occurred and were looking for about 2 or 3 mil-
on bu more. Sorghum output will be cut to 455 million bu, which compares with
08 million bu grown in 1961 and here again the reason is compliance by farmers
ith the feed grain program.

When the wheat visible is posted on Monday, it will compare with an
crease of 10 1/4 million bu last year. A few areas still need dry weather to finish
ombining of this crop, but on the whole most of the movement is completed and
hough Chicago stocks should show a fair increase Monday, cash grain brokers tell
s they are fairly well cleaned up on their consignments. Futures prices were
ostly unchanged with the main selling attributed to a house with export connections
nd it was thought that probably they had failed to negotiate foreign sales against
hich they had purchased earlier in the week. Nevertheless, some export business
as done and flour workings abroad were moderately larger. There is still an in-
ensive demand in the Southwest for hard wheat so that prices generally stay rather
rm.

Following a lower opening soybeans did very little and activity was
n the quiet side, especially since the government crop report contained an unex-
ectedly large figure. Nevertheless, further declines seem apparent unless the
ews changes. Additional rains have been received over large areas of the corn and
ean belts during the past 24 hours, and small amounts of moisture were received
n our Northwest.

[illegible]

[illegible]

If the government is successful in [illegible] and [illegible] in the [illegible] by creating a [illegible] [illegible] [illegible] of the [illegible] and the [illegible] of [illegible] [illegible] have [illegible] [illegible] 6 1/4, or around [illegible] 1/2 cents. Illinois [illegible]

[illegible]

[illegible] was [illegible] [illegible]

[illegible] will be successful in reducing the [illegible] in [illegible] conditions [illegible] [illegible]

The [illegible] of [illegible] compares with a crop of [illegible] have [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] which is [illegible] with continued [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

The [illegible] [illegible] [illegible] There was no [illegible] [illegible]

[illegible] [illegible] [illegible]

[illegible] because the [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] and [illegible] [illegible] [illegible]

[illegible] this is [illegible] [illegible] of 10 1/4 [illegible] A few [illegible] still need [illegible] of this crop, but on the whole most of the [illegible] should show a fair increase [illegible] [illegible] were [illegible] [illegible] [illegible] were [illegible] There is [illegible] in the Southwest for hard wheat and prices [illegible]

[illegible] lower [illegible] [illegible] the government [illegible] [illegible] further [illegible] have been [illegible] [illegible] and great [illegible] of [illegible]

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CHICAGO, 4

August 14, 1961

Children's thinking is sometimes more provocative than that of
ults. We say this in view of a letter which a boy wrote to the Editor of Time
agazine, and which was published in its latest issue as follows: "In regard to
rmers in your July 28 issue, my father is a schoolteacher, and makes consider-
ly less than $6,000 a year. Is there any chance of our getting some federal
sistance if he will agree to teach fewer children next year?" We appreciate, of
urse, that the building up of surpluses, particularly in corn and wheat, could not
ntinue forever without bringing chaos to markets, but on the other hand one must
so realize that our government cannot forever pay farmers for producing less
thout finally causing a great resentment on the part of other segments of our
ciety that are likewise influenced by over-production and competitive forces.

Before our market opened this morning securities were somewhat
wer probably as a result of the Berlin crisis. Some of the border incidents were
e worst since 1953, and the new restrictions that were put into effect to halt the
w of East German refugees to West Berlin were certainly a sign of weakness and
ust have been causing embarrassment to the Soviets. While there was nothing
surprising in the weekend news, grains and beans moved somewhat higher pro-
bly influenced also by hot, dry weather in Canada, and their markets were like-
se strong although it is difficult to believe that the final production results can
op off much from the recent estimates. We have had more pessimistic crop re-
rts from Europe, and in a number of countries variable weather has retarded the
rvesting of wheat and other grains while in some instances the excessive mois-
re was expected to take some toll of both quality and yield. General rains seem
have brought improvement to the crop situation in Australia, and a long drought
Queensland encouraged farmers even this late to seed more heavily. The
nerican Soybean Association spoke of a late crop of beans in Kansas, Missouri,
rkansas and North Carolina with possibly a week's lateness in west central Ohio
though it is ahead of normal in Minnesota. While this authority does not look for
very early movement of the crop any place this year, their reports indicate that
rvest may start September 10th to 15th in Illinois, which is about the normal date,
t of course will depend somewhat on future weather developments.

Bakery flour business seems to have fallen off abruptly, which is not
rprising in view of the heavy volume last week. Trade is now covered for a long-
period than in almost any previous year with the possible exception of 1955.
here was also little export business reported over the weekend, and Brazil evi-
ntly rejected all offers but instead requested new quotations August 16th on 10
rgoes of hard wheat, 12% protein. The indications are that USDA is avoiding
w purchase authorizations on soft white and red wheat at this time.

Chicago wheat stocks decreased nearly 2 million bu during the week
inging the total up to 12 million. Probably of greater interest was the fact that
e stock of beans only went down 524,000 bu which leaves us with more than 5 mil-
on in this market. Corn stocks declined 668,000 bu during the week but oats in-
eased over a million bushels. There were no important changes in rye.

As previously stated, a good deal of the firmness was derived from
e Berlin situation and beans were finally strong despite some realizing. The fact
at the crop is turning out so well is part of the picture, and the uniformity of
vorable reports on prospects is almost on the sensational order. Not only do we
ve a record acreage, but also a record yield of 25.2 bu compared with the pre-
ous high of 24.2 bu a few years ago. The higher price support this year played
important part in encouraging production and shows that price is still one of our
eat incentives. We doubt very much whether any oats will come here from
anada this season because they had their own special feedstuff shortage, but
espite a small rye crop that will probably be raised in Canada, there are some
applies expected to come here. At the moment the question of Chicago storage is
factor. In the Southwest cash houses and mills bought wheat which probably had
me influence here. There seems to be a rather firm undertone to the market
d hardly any pressure even though we shall probably end up with about 15 million
of wheat in this market. The only export business seemed to be a few small
arcels of milo, corn and soybeans to the Continent.

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CHICAGO MERCANTILE EX

CHICAGO, 4

August 15, 1961

Growth, according to all historical experience, has its roots in creases in productivity which result from a combination of new skills, the avail- bility of capital, and favorable cost factors, and can only proceed vigorously with xpanding demand. We are at the present time curtailing our energies and re- ersing our normal activities in agriculture by admitting that we cannot find suffi- ent demand for the surpluses that we have accumulated over the years. It is a ather sad commentary at a time when people over large areas of the earth are ndernourished and some are actually starving. Nevertheless our Secretary of griculture is rather pleased with this plan claiming that by a severe cut in the orn acreage, it will save taxpayers a billion dollars in storage charges alone, and e thus feels that by continuing this program in feed grains for another year, and itiating it for wheat, that our problems will at least be partially solved.

It should be stated in all fairness that about $700 million will be paid farmers to cut feed grain acreage including sorghums, and in addition to this the overnment will lose about 20¢ per bu on at least 600 million bu of corn that they ell during the season and take in under the loan so that altogether we have about 820 million that the government is expending, not to speak of losses and payments hat are made to sorghum farmers. Next year if the wheat program goes through here will be additional drains on the Treasury. The growth of population has had uch more effect on the domestic consumption of corn than it has on wheat, and, as e have pointed out so often, it takes about 7 pounds of grain and forage to produce pound of meat so that we are consuming more corn today than ever before in our istory. The Bureau of the Census has projected for the decade 1960-70 an increase f the population from 180 million to 208 million, or a growth of 28.4%. This is a lightly higher rate than in the preceding decade, and to the extent of using more of ur agricultural surpluses is at least an optimistic calculation.

After the close of the market yesterday the soybean exports for the eek were published showing that nearly 3 million bu were shipped. This compared ith 1.1 million a week earlier and 3.2 million bu last year. The cumulative in- pections since last October are about a million less this year than last. Late esterday Japan bought 3,000 tons of soybeans for November shipment, but nothing ore was reported during the forepart of the session and beans dragged a little ower. Good reports on the progress and condition of the crop continue pretty enerally although in the South there is a somewhat more spotted outlook. Taking the arge areas into account such as Illinois, Iowa, Minnesota, and Ohio, the condition s still above average, and according to one observer he had never seen the crop ook better with most fields fairly clean.

Negotiations are proceeding on an agreement involving a million tons f flour and wheat for the Arab Republic of which possibly half will constitute flour. Offers will be submitted tomorrow on 100,000 tons to Brazil, but whether this will ave much influence on futures is difficult to say. We observed before the market pened that while the Berlin situation was about the same and actually more restric- ions had been imposed, there is really nothing explosive at this time and probably s a market factor this will gradually wear off.

Primary receipts of wheat were a little over 7 million bu which com- ared with 6 million last week and 4 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 358,000 bu. The wheat isible increased 13 1/2 million bu to a total of 520.5 million. This is 33.2 million reater than last year. Corn increased 2.3 million bu. Oats increased 2.1 million u while beans showed a decrease of 2.1 million bu. We now have 2 million less in ll positions than a year ago.

Trade was not particularly heavy but soybean oil was strong and in fact meal was higher, all of which had its influence at times on the soybean market with he September future up more than the more deferred deliveries. The government eekly crop report continued to talk of excellent progress for corn and also stated hat the relatively late eastern half of the belt was now showing normal development or this date. Yet corn was higher and the whole market was firm, some of it ttributable to the Chinese bombing of Quemoy. This, plus the continued talk of the Berlin situation, affected other grains such as wheat which, while indifferent at the tart, rallied at times. Commercial demand for wheat was slow but there was moderate commission house and local buying.

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CHICAGO MERCANTILE EX

CHICAGO, 4

August 16, 1961

Until recently the World's populations remained fairly stable. There ere a number of factors that prevented big increases, and for example epidemics used heavy loss of life but this has been brought pretty much under control. The ague nowadays is claiming few victims. Cholera is in the process of disappear-g while malaria, typhus and sleeping sickness have been successfully held in check. o longer are whole nations reduced by famine although this has been a constant ompanion to mankind over thousands of years, and still threatens the backward reas of today. It is caused by low agricultural output, fluctuating harvests, and e lack of transportation facilities by means of large shortages in one area not being ffset by surplus in others. Wars, which in the past had a tendency to check popu-ation growth, are no longer so serious in this regard. Even World War II, which ook the lives of some 60 million people, taking into account its influence on birth ate was only a passing phase in the upsurge in population.

Progress on the medical front has greatly raised life expectancy so at the loss was made up within 12 years and the population has since been growing aster. In India, for example, for a period of centuries the average life span was nly about 30 years. Today this is no longer the case and whereas only about 50% f the newborn reached adulthood in the past, the figure now stands at 70% and more. advanced areas it is above 95%. Even in Asia average life expectancy has umped to 40 and 50 years while in some areas of Latin America it has reached 55. Europe this was not the case until about 1870 and the standard of living was ap-roximately four times higher than compared to the underdeveloped countries of oday. In the past famine, pestilence, and war were the guards against a population xplosion, but in recent years these have lost much of their effectiveness, which is welcome development from a humanitarian point of view. At the same time, how-ver, the delicate biological balance has been disturbed and as a result it gravely ndangers the overpopulated, underdeveloped areas.

There was nothing much in the overnight news. Weather was again hot nd dry across western Canada, and the same is expected for today although it may e a little cooler in northern Alberta with a few thundershowers. The damage to rops is already done, and at this late date not much more harm can come as wheat, ats, and barley, if not already cut, are about made. Actually our advices stated hat harvesting should begin in all areas. Here at home we were still getting opti-nistic reports from the corn and bean belts. Virtually all of the Iowa corn crop ad tasselled and about 90 to 95% was showing silk by last Monday evening. About 5% of the Iowa soybeans had reached the blooming stage and pods were showing on 0% of the plants which is average for this date. In Nebraska corn had made some mprovement during the week as the result of scattered rains over most of the major roducing areas. There are a few localities where it is still very dry and where noisture will be needed to make a crop.

We had scattered selling of wheat at the opening, and there was also ome liquidation in corn, but volume was not particularly heavy. In the Southwest here is a very good demand for wheat, and mill interests are concentrating on rotein varieties which this year is a scarce article. Some business is expected hortly with Brazil and Colombia. According to Broomhall, rainy weather in urope has slowed harvest in a number of countries which adversely affected both uality and yield. However, the rains were beneficial to the late crops which needed noisture. The French weather is favorable for harvest but the yields are variable nd in particular spring wheat is disappointing, but quality of the grain is good.

Primary receipts of wheat amounted to 3.5 million bu, the same as last veek and slightly more than last year. Kansas City and Minneapolis stocks so far his week show a net increase of 358,000 bu.

Trade was only moderate and there were no special features. Mills nly bought small amounts of flour and with the large forward orders that have been ngaged, we doubt whether there will be too much activity in the near future. There vas some weakness at Kansas City due to liquidation and local selling and our mar-et was down fractionally. Corn was also a little lower and, as stated earlier, there vas liquidation. September beans did not hold the rallies, probably due to the fact hat meal, which had been so strong the previous day, yielded some ground. In pite of hot, dry weather in Canada, flax prices at Winnipeg were down and at resent price levels there is bound to be some curtailment in exports.

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CHICAGO, 4 August 17, 1961

Professor Karl Brandt is a member of the President's Council of conomic Advisers. He has spent a lifetime in agricultural economics and is esently at Stanford University working in food research. He published a pamphlet cently which he called Guidelines for a Constructive Revision of Agricultural licy in the Coming Decade. It is an article well worth reading but, of course, o long to summarize here except to give a few brief quotations as follows: Vhile it is theoretically not impossible to control the output of 4 million farms by mprehensive control of land capital inputs, I hold it politically inconceivable that e American people, particularly the farmers, would ever accept the degree of gimentation and law enforcement that would be necessary to execute such con- ol.----The assumptions by some economists about the possibility of reducing ggregate output to market equilibrium by withdrawing enough crop acreage by ex- nsion of the conservation reserve up to 60 or 80 million acres impress me as un- arranted and extremely expensive illusions. At best the conservation reserve rovides additional opportunities for the retirement of elderly farm people chiefly n marginal units. There is no evidence in support of the idea that idling of acreage public expense could become an effective decelerator of growth of aggregate out- it of agriculture. The unsatisfactory results of the present farm policy are almost xclusively the result of maladjusted legislation, not of administrative failure in s execution."

Before our market opened this morning there was not too much to iide it. We had some news from Canada that the Canadian Wheat Board had made n announcement this morning that consideration would be given to the importation f U.S. oats in limited quantities on written application to the Board. Winnipeg dvices also told of a fair number of showers overnight in Alberta and some lighter howers in part of Saskatchewan. Temperatures, however, were very high in the rovinces of Saskatchewan and Manitoba yesterday although cooler weather is ex- ected in all areas except southeastern Manitoba today with some scattered showers recast for tonight. The rains coming this late will only delay harvest which is ell underway, but might be of some benefit to the very late crops. Here at home ews from the growing areas is still highly optimistic. In the Illinois Weekly Crop ulletin they say that many reporters are claiming that corn and soybeans have ever looked this good. Progress remains a couple of days ahead of the 5-year verage for corn, and soybeans are 85% podded. The past week has likewise been ivorable for the best development of beans.

According to Broomhall our shipments of wheat and flour during the eek were a little over 9 million bu, and since July 1st they have mounted to 74.8 illion versus 57.8 million a year ago. Our corn exports were also heavy at 4.7 illion bu, and since last October we have put afloat 238 million bu compared with 77.5 million last season. Other shipments were light in comparison.

Primary receipts of wheat were somewhat smaller at 3.8 million bu. 'his compared with nearly 5 million last week and 3.3 million bu last year. Kansas ity and Minneapolis stocks so far this week show a total increase of 895,000 bu.

The wheat market, in spite of a great deal of bullish sentiment, orked lower. It seems that a combination of factors has brought a fair amount of uying into the pit recently. By this we refer not only to the crop failure in Canada nd a smaller spring wheat crop, but also a reduction in the last yield of winter heat and the government program for a higher loan next year accompanied by creage reduction. The referendum that will be voted on August 24th is almost ure to pass. The fact that the soft winter wheat acreage will probably be included n the acreage cut may cause a shortage of red wheat next season and reduce the ossibility of carrying charges. For this reason July wheat is selling at a slight remium over May. As far as May wheat is concerned even if there are heavy im- oundings, the price is nearly high enough to cause redemptions later in the season. Beans were finally higher but the market dried up. Each day, however, brings us loser to harvest, and by the same token gives more assurance that we will have a ig crop. Corn was under pressure again. It seems that some holders are liqui- ating and apparently there is discouragement because of the continued government elling. While most of the liquidation is at country points, there is a chance that hey will sell stocks later in Chicago where they have large holdings, all of which auses uncertainties.

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CHICAGO, 4

August 18, 1961

We have been thinking right along that the Berlin crisis would grad-
lly wear off as a market factor, and apparently our thinking in this respect has
een correct. We now believe that we may be closer to another Summit meeting,
ossibly at Vienna, with President Kennedy and Premier Khrushchev getting to-
ether possibly as early as September or October. Our country together with our
llies has already taken some steps to bring about these negotiations, and it could
ead to a Summit although the first step may merely be discussions between
ecretary of State Rusk and the foreign ministers of Britain, France and Russia.
ater on President DeGaulle of France will probably be included in the Summit
alks. What will be accomplished is, of course, difficult to tell. Russia for her
art is seeking to get recognition of East Germany and obviously is trying to stop
he outflow of refugees to the western border. All we are actually seeking is a
tatus quo and, of course, primarily we shall always insist that West Berlin
emain free. We do not want East Germany to be recognized as a government,
ut by the same token the Soviet Union wants recognition by the West of East
ermany, and furthermore is attempting by every means possible to prevent West
ermany from becoming a full fledged NATO power with nuclear weapons.

The overnight news disclosed that the Brazilian business had been
ut through on 10 cargoes of hard wheat, but this had very little influence on the
arket. Actually there was a very light trade in the December future and we
ould not trace much, if any, hedge lifting. There were more rains in Canada,
ut these are no longer needed as they are too late to bring about much good ex-
ept for the very late crops. Yesterday's markets at Winnipeg were unsettled on
eports that some oats might be imported from the United States although it is not
xpected in any case that the quantities will be large. Nevertheless Canada is
rying to prevent soaring prices as there have been complaints from feeders that
heir operations were becoming unprofitable. The weather now has turned much
ooler across western Canada, and this was accompanied by light scattered
howers in the northerndistricts of all three provinces.

Some people believe that the Referendum on August 24th will be closer
han usual, but it is still figured that there will be an affirmative vote. The farm-
rs have an alternative of either cutting acreage according to the new government
rogram in return for which there will be a higher loan, or getting only a 50% of
arity loan. In the process of our growth we have experienced that outside of
arming some businesses in some areas have always declined or deteriorated. This
ay have been due to change in technology, in demand, in comparative costs , or
n the structure of the economy. For example, as deposits of gold and silver were
xhausted in certain parts of California, boom towns became ghost towns. Like-
ise progressive mechanization of coal mining operations has caused serious
hronic unemployment in certain parts of the East. This has brought about shifts in
ocations of factories or failure of enterprises, all of which had the same effect.
n agriculture we are trying to bring about stability and make it profitable for
armers in all sections of the country to thrive. We are attempting to overrule one
f the basic economic laws by permitting areas which have not participated in the
ncrease in productivity and income to share with other areas that have been more
uccessful. It is an energetic, if not a most difficult, goal.

Primary receipts of wheat were 4.2 million bu which compared with
. 6 million bu last week and 3.6 million bu last year. Kansas City and Minneapolis
tocks so far this week show a total increase of 898,000 bu. When the visible sup-
ly is posted on Monday, it will compare with an increase last year of 4,000 bu.

Trade was on the quiet side. Wheat was a little weaker early but the
uying of futures was rather constant, apparently no large lots nor any concen-
rated buying, but pressure was likewise light. Germany bought 90,000 tons of corn
or September-October shipment and also 10,000 tons from Eastern Europe. Our
orn market was still quite indifferent and buyers are restrained because of the
elief that government selling could increase. Bakery flour business is near a
tandstill and, as we pointed out lately, the demand is apt to be slow for some time
o come. September beans were rather firm and it is thought probable that yes-
erday's improvement in the price of warehouse receipts may have been caused by
uyers who wanted to get beans shipped from Chicago before September 1st when
here is a possibility of a strike of elevator workers.

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CHICAGO, 4

August 21, 1961

The Berlin situation has dominated the headlines and it is interesting o note the real contrast between East and West Berlin. This basically is the rea- on behind the present blockade set up by the Communists because of their embar- assment over East Germans fleeing from their zone. Despite moral and economic ncouragement from the U. S., the rehabilitation in West Germany resulted from he energetic efforts of the citizens and government of that country. As a matter f fact in 1951 the U. S. sent a Commission of American economists there to in- estigate and recommend fiscal policies that they thought would help in the rebuild- ng of that country. Reportedly this group thought that the West German govern- nent had an excessive concern for price stability, and instead encouraged more nflation and a cheap money policy including low interest rates which they felt would ncourage investments. In other words, deficit financing was proposed with the overnment dominant in the economy, but in principle these proposals. were turned own. Sounder programs were employed and consequently West Germany became he least inflated nation in Europe with a great deal of prosperity, which today is he envy of most European countries. As a matter of fact they have set a good xample for the U.S. with their private capital market and balanced budgets.

Some of the Americans on that Commission to Germany 10 years go are now economic advisors to our own President, and we doubt whether their olicies of greater inflation can give more than a short term boost to our own conomy. When peoples' earnings are increased by means of a cheaper dollar they re only being fooled. No country can spend its way into prosperity, and as the British are discovering, high tax rates choke both business and individual expansion.

For the month of July, 31 million bu of beans were converted into roducts, almost as many as during the same month in 1960 and about a million ess than June 1961. Since October 1st, 348 million beans have been crushed versus 33 million in the same period one year earlier. Probably of more influence at the pening was the anticipated strike by elevator workers in this city, and of the stocks f beans remaining in local elevators, a good demand exists to ship where they are eeded before the strike deadline. There will be a meeting tomorrow between the nion and management, but there is no indication ofa settlement as yet.

Government sales of corn are still running at a pretty good clip and ince October 1st, 222 million bu have been sold domestically by the CCC, and his compares with 97 million a year ago. Even export offerings are more than ouble those of the previous season, and for this reason market prices are subject o almost constant pressure.

There is still a need for rain in our Northwest, and reports from orth Dakota indicate that the flax crop has deteriorated while in Canada dry con- itions are permitting harvesting of all grains except flax, and a good demand xists for both oats and barley because of the small crops. The Canadian wheat arryover as of July 31st is reported at 523 million bu, almost as large as 12 nonths earlier, but a much smaller supply undoubtedly will be in the reserve next ear as the poor growing season has sharply reduced production. The carryover f flax at 7.4 million versus 4.8 million in 1960 will be more than offset by a maller output of that commodity. In Europe weather conditions were unfavorable ast week for the grain harvest, and wetness in some cases is lowering quality and erhaps yields.

During the week wheat stocks increased by more than 2 million bu n Chicago to a total of 14. 2 million. Most of the post-harvest run probably has nded, and cash people think that the crop is fairly well placed. Local supplies of orn decreased 393,000 bu leaving 23 1/2 million. Supplies of oats enlarged 46,000 to almost 6 million while rye stocks were substantially unchanged. There as been a fair business in cash soybeans with Chicago supplies declining 1 1/2 illion bu leaving 3 1/2 million, and, of course, the pending elevator strike has aused concern so that the stocks in this market have been drawn upon as there is o other concentrated supply. For this reason the September future firmed and arehouse receipts have been trading at a substantial premium. Nevertheless, the reat of new crop beans in September should tend to keep this month and November ore in line. Wheat was under some early pressure though there was no special ews. Farm selling is practically nil and though mill demand has eased, export usiness is constant.

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CHICAGO, 4 August 22, 1961

According to a well known economist who has made a study of
eat conditions over a long period of time, the following conclusion was reached:
he deep-lying resentment of other exporting countries against American subsi-
es is one of the most important 'facts of life' in the world economy today. Offi-
l representatives of competing exporting countries have continually contended
t the world's wheat surplus difficulties are primarily attributable to the unsound
nerican wheat program, that the Unites States government should therefore hold
get rid of its surplus wheat in a way that would not shift to competing countries
y part of the cost of its errors, and that any extension of American commercial
ports beyond their traditional level represented unfair trading and an infringe-
ent of American obligations under GATT." In view of the fact that we have so
ich unwanted surplus wheat, the question is often asked why we do not give it
ay in larger amounts to feed the hungry millions of the poorer countries. Ac-
rding to the same authority, the chief answer is that except when faced with criti-
l food-shortage emergencies, which are usually unforeseen, the governments of
ost underdeveloped countries do nothave the facilities for, nor do they want to
courage extensive free food distribution, particularly when it depends on the con-
nuation of uncertain foreign food grants, or alternatively on their own purchases
food. The recipient governments correctly envisage associated disturbing prob-
ms, such as the tendency for much of the relief to be distributed by religious
cieties, and this often promotes their own religious views at the same time. There
e a number of other reasons, such as pilfering at the docks, or the exchange of
od received for an assortment of more wanted products, thus pushing the gift
neat into commercial channels and lowering grain prices to local producers. Such
nsiderations have kept free food distribution programs small in the past and are
kely to do so in the future.

Before our market opened this morning, we had little news ex-
pt that weekly exports of beans, which were only 1.2 million bu compared with
early 3 million last week and 2.5 million last year. The cumulative totals to-date
e about 2 million bu smaller than last week. This is an offset to the small stocks
Chicago, which will probably decrease again next Monday as a result of the possi-
e strike, which has encouraged some takers to obtain their supplies here in the
vent that a walk-out becomes a reality. Meanwhile, the crop outlook is almost
erfect both for beans and for corn. According to the Quaker Oats Report, all con-
tions have been perfect for the making of extra big yields per acre. They go on
say that unless we should get a prolonged period of hot, dry weather in Septem-
er, we can hardly expect an early movement of soybeans, which normally comes
om eastern Missouri and south central Illinois. On the other hand, we would
nagine that a big premium of September over November might cause a greater
nount of defoliating and likewise would prompt a greater rush for farmers to get
eir beans in early in order to capture the higher price. Harvesting of crops is
ming along quite well in our Northwest and in Canada. Heavy rains in Minnesota
ded corn and beans to a point where they are virtually made, and it looks like an
cellent crop. In North Dakota harvest is nearly complete except for flax, which
running very poor. During the coming season, crushings and exports of beans
e likely to set records in addition to the crop probably turning out 124 million
rger than the previous year, so that the carryover September 30, 1962, should
up sharply from the 5 million bu of the year before.

Primary receipts of wheat amounted to 5.6 million bu which was
s than the 7 million of last week but more than 2.8 million bu last year. Kansas
ty and Minneapolis stocks so far this week show a net increase of 490,000 bu.

Trade was not too active and while there was a little hedging in
eat, the market took it fairly well. West Germany bought 2 cargoes of hard wheat
d 7 cargoes of Canadian wheat for September-October shipment. Flour business
s of very small proportions all around, but family bakery business showed some
provement. A steamer unloaded here with 19,000 bu of rye from Canada. The
st of the cargo was barley. Corn had very little feature and the government pro-
am seems to have disturbed long positions. Israel bought a cargo of beans for
vember shipment, and the Continent bought some parcels of new crop soybeans,
t the main feature was the strength in September occasioned by the possibility
a strike and we expect that next Monday there will be another good decrease in
e Chicago stocks.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 23, 1961

A meeting was held yesterday in regard to the Chicago ele-
or dispute and the scheduled strike set for September 1st. Nothing very definite
s reported except that possibly some progress was made during this first negotia-
g session. Had it not been for this threat, local bean stocks probably would be
less of an emergency demand, but as it is commercial interests are shipping
her large quantities so as to protect themselves in case a settlement is not made.
r that reason the September future has been strong, reflecting the possibility of a
all supply during the early stages of the delivery period, but much finally depends
when new crop beans are shipped, and, of course, weather is an important fact-
. After completing a round-trip drive between Chicago and Springfield the past
days, the writer feels that there is little question that the optimistic crop re-
rts are well founded. Both beans and corn in that part of the Illinois growing
ea appear to be near perfect, and many people feel that the final U. S. bean re-
n could well exceed the 700-million-bu mark. According to the weekly state re-
rt nearly nine-tenths of this crop is podding, which is five days ahead of the aver-
e of 85%, but, of course, cool temperatures at the moment mean that it might be
r to say that the crop is about on schedule. About 90% of the Iowa soybean crop
s showing pods as of Monday, while 70% of the corn had developed to the dough
ate and 20% had dented. Unusually high yields are indicated over most of the corn
lt for this grain, while in the case of beans, though record yields probably will
cur, the increase in the size of the crop will be due primarily to the larger
reage.

According to a private estimate the total supply of wheat
Canada at the start of their new crop year will amount to 783 million bu, which
about 1/4 billion less than a year ago. Oat supplies were forecast at about 150
illion bu less than the previous season, while total amounts of flax, including pro-
ction and carryover, were estimated at 21.6 million vs. 27.8 million a year ago.
eal harvesting weather continues over Western Canada and the late crops have
en hastened to maturity. Unsettled weather over large sections of Europe has
tarded harvest and impaired the yield and quality outlook. Possibly some cuts in
tal output will result, insofar as the French wheat crop is concerned, and the
me is true for the West German production. Excessive rain in parts of India
s marred prospects for possibly a record wheat production in that country.

Some export sales of soybeans were made, but for Novem-
r shipment, while more business in hard wheat was consummated, and Japan
ught 78,000 tons of Canadian wheat. Recent overseas flour demand was display-
, with additional wheat business pending. Country offerings of wheat in the South-
est are exceptionally small but supplies apparently are sufficient to meet near-
rm needs. As a matter of fact, mill storage for the most part is full.

Except for beans, markets were mostly on the quiet side
hough the meal rallied and cash demand was somewhat improved. A good deal of
ying occurred in soybeans, mostly in the form of short covering and it is expected
t the Chicago stocks will show a sizable reduction when they are posted next
nday.

Tomorrow is the date that has been established for the
ferendum on wheat, and growers will decide whether to accept the acreage com-
ance program as outlined by the government with a $2.00 loan, or whether to plant
imited quantities of this cereal with a 50% support. Of course, it is generally
ected that two-thirds approval will be given to the administration's program
her than to accept the comparatively lesser federal payment. Wheat prices were
le changed but the outcome of the vote could be a factor, especially if farmers
ide against the program. In the meantime some profit taking was witnessed and
mary receipts of this grain are 2 1/2 million bu vs. 3 1/2 million last week and
y 691,000 bu a year ago today. So far this week Kansas City and Minneapolis
cks have increased 733,000 bu.

Corn fails to hold rallies and it is evident that the govern-
nt intends to keep prices at a low enough level to discourage a greater percentage
non-compliance next year. Therefore sales from CCC supplies, as well as the
spect of free marketings during harvest, lead us to believe that better buying
portunities will be available at a later date. Rye registered good gains.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 24, 1961

Today is a very important day owing to the fact that a new program r wheat will be in effect for the 1962 crop if producers approve marketing quotas the referendum on which they are presently voting. To be eligible for program nefits, wheat producers must reduce acreage 10%. Payments for diverted acre-ge will be made at the rate of 45% of the 1959-60 yield. An additional 30% of the ise acreage may be retired from production with payments made at the rate of)% of the base yield. In lieu of payments for diverted acreage, guar, castor beans, inflower, safflower or sesame may be grown on such land. Also, to be eligible r payments, a farm must have as much cropland (plus acreage retired under the 962 wheat and feed grain programs) in soil conserving uses in 1962 as the average creage in these uses in 1959 and 1960. Farmers growing no more than 15 acres of heat have been exempt from marketing quotas. For 1962, this has been reduced 13.5 acres and may not exceed the highest acreage planted for harvest in any of ie past three years. Small producers may retire up to 10 acres and receive pro-ram benefits. Penalties for overplanting the allotted acreage of wheat have been iore than doubled. Penalties will be assessed at 65% of parity price on twice the ormal yield of the excess acreage; previously penalties were 45% of the parity rice figured on only the normal yield. Price support for the 1962 wheat crop has een announced as $2.00 a bu, an increase of 21¢ from 1961. The Secretary of griculture, after determining durum wheat production to be inadequate to satisfy emand, may increase acreage allotments for the next three crops in important pro-ucing counties. We fully expect that there will be an affirmative vote but should iere be an adverse decision, it would, of course, have an important bearing on ext year's wheat price.

According to a USDA resume, our total supply of soybeans during ie marketing year, commencing October 1st, are estimated at about 690 million bu, hich is up 105 million bu from the previous year. Based on August 1st indications, ie 1961 soybean crop is placed at a record 683 million bu, 124 million above last ear's crop. Prices to farmers during most of the heavy harvesting season this all are expected to average close to the support rate of $2.30 per bu. Last fall hen the support price was $1.85, the price received by growers averaged about 2.00 per bu. Crushings and exports of beans during 1961-62 likely will set new ecords and probably will require a good part of the increase provided by the 1961 rop, but still leaving end-of-year carryover up sharply. The big question, of ourse, is whether we will have an early run of beans, and this is highly important ecause Chicago stocks are being depleted and there will have to be a fair quantity f beans here to satisfy shorts, particularly as the open interest in the September uture is still very large. Of course, the shadow of heavy supplies which will be vailable during October may prevent too high a premium for the nearby month, ven assuming that the country movement is somewhat later than usual. Neverthe-ess, this is causing some concern and we find that the bulk of the trade is still September beans with fluctuations more erratic in that delivery than in the more eferred months.

Primary receipts of wheat were a little over 3 million bu which ompared with 3.8 million bu last week and 1.5 million bu last year. Kansas City nd Minneapolis stocks so far this week show a total increase of 893,000 bu.

Trade was much more quiet than it had been earlier in the week. 'here was no feature to the wheat market although a little commercial buying at imes. Speculative interests were on the sidelines waiting for the outcome of the eferendum, and the results should be known by midnight although the final tally ill probably not be announced for a period of 2 weeks or so. Unless it is a very lose count, this will not be important. We learned that Brazil had bought 65,000 ons of wheat from Argentina for September shipment, while Israel purchased 85,000 bu of U.S. red winter wheat. There were some beneficial rains in rgentina during the past week which relieved the dry spell. However, there are till large areas that would welcome additional moisture. The weekly wheat and our shipments according to Broomhall were a little over 9 million bu with a total f 81 million bu for the season compared with nearly 64 million last year. Corn xports were also quite heavy at 5.6 million bu, and since October 1st we have leared nearly 244 million bu vs. 179 million a year ago.

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CHICAGO MERCANTILE EX

CHICAGO, 4 August 25, 1961

The nation's wheat farmers voted affirmatively yesterday for 1962 arketing quotas. 79.4% were in favor of the 1962 program, which establishes a average loan for all farmers who reduce acreage at least 10% and additional 30% ductions will be compensated by this government program. This almost certainly sures a smaller wheat production next summer but how much is difficult to deterine at this time. One private source pointed out that it is interesting to learn at acreage payments in western Kansas will be based on 29 bu per acre yields and ll amount to $34 per acre of land having a market value of $75 to $80 per acre. nce ten-year average yields in that section are only around 12 bu, most producers most certainly will divert 40% of their land. This, of course, is of extreme imrtance as the highest protein quality type wheat often grows in that section of ansas. As a matter of fct, no exclusion was given to any of the various classes of heat and some, such as soft red and spring wheat, are not in surplus supply, and r that reason exports of soft wheat probably have been disappointing so far this eason, as the USDA has little reason to push sales of this type grain when almost ertainly it seems likely that next summer's production of red wheat will be coniderably smaller.

Instead, the 1962 program was derived with the nation's entire burdenome reserve in mind, and with the bumper crops grown during the past few seaons, the cost of storing and handling to our government has become a large issue s well as the problem of disposal. Many foreign nations object to our pouring surlus quantities into world markets, as this competition is too great for other xporting countries, and even though this past season U. S. clearances of 665 milion bu established a record by a wide margin, no reduction in the carryover reulted. Therefore, it is apparent that utmost attention must be attached to the olution of this and other suplus grain accumulations.

A good deal of attention is still directed toward the cash bean situation n Chicago, especially since no solution has been announced in regard to the pending levator strike. Demand for warehouse receipts might ease as time is short for levators to load beans between now and the end of the month should shutdowns occur, nd for this reason it seems likely that some beans may still be available for deivery purposes the first of next month. Weather is improving over the corn belt, hich is desirable, as clear skies are needed by farmers for both corn and bean aturing, and both commodities are still progressing nicely and about on schedule.

Soybean meal was particularly strong with the cash demand very good, nd the reason seems to be the fact that processors have at least partially closed own in many instances. Either bean supplies are hard to obtain or else the conersion ratio is not satisfactory to warrant large crushings between now and harest. Soybeans themselves were higher for a while, but not as much as the products, ut, of course, shutdowns have a reverse impact on the raw material, and the good ash demand is based almost entirely upon the possibility of a strike. For this eason loadings are heavy and Chicago stocks probably will show at least a million ushel decrease on Monday so that remaining supplies in this market likely will be ess than 2 1/2 million bu.

Some of the market strength might be attributed to the Berlin situation nd the news is no better as a good deal of tension exists in that troubled spot. orn rallied because the CCC has offered smaller quantities, but it is generally elt that they won't permit the price to get too high between now and harvest or it ould defeat their purpose of encouraging compliance in future years. Wheat also mproved, but the nearby months gained on the July which was somewhat of a surrise as the buying in this cereal resulted from the passing of the Referendum yeserday, and undoubtedly the abundance of supplies in Chicago will mean some eliveries in September. Farm selling in the Southwest was slower reflecting a ght holding policy, and though there was little flour business, evidently bakers xpect to maintain a big backlog. A sizable export business including possible ales of red wheat is pending, and all of this helps our market.

When the visible is posted Monday, it will compare with an increase 596,000 bu last year. Primary receipts were about 3 million bu vs. 4.2 million ast week and 3.1 million a year ago today. So far this week Kansas City and inneapolis stocks increased a total of 986,000 bu.

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CHICAGO MERCANTILE EX

CHICAGO, 4 August 28, 1961

Political events over the week-end continued of much the same eior. Three Western notes were delivered to Russia warning that Moscow would bar full responsibility for the consequences if allied access routes were cut off. Tere were also a number of border incidents, none of which were particularly anoying, but apparently the Soviets have won their battle in cutting off escape rutes to the West. In addition to this, the resignation of Brazil's President Quadrs brought that country under military leadership, and it seems doubtful whether Joao Goulart, the Vice President, now in Paris, will succeed to power, and in fact, een his return to his native country may meet with resistance. All these and oner events show the importance of our remaining strong and the necessity of competing in space efforts with the hope of gaining supremacy. This is best expressed y a little limerick, which runs as follows: "That the moon is high I won't deny, in fact, I always knew it; but I might imply it's not as high as the cost of getting to it." Here at home pressures for freer trade are growing and for a number of reasons i is becoming increasingly urgent that the U.S. sell more of its goods in world arkets. It is, however, folly to suppose that other nations will lower their tariff arriers against American goods, while we are putting fresh obstacles in the way f imports. Just recently the exemption of $500 by returning tourists was reduced o $100, which is said already to have cut off purchases abroad and in many of the atin American countries which had been seeking U.S. markets. The added amount f revenue seems insignificant compared with the hostile feelings that have been roused by this action.

Before our market opened this morning, there was not too uch to guide it. Weather over the week-end was almost perfect for the best development of the bean crop and high temperatures will hasten maturity whereas the arlier cool weather had been a retarding influence. The high temperatures were lso beneficial to corn, although in a few isolated spots it was claimed the drysoil ad not only caused cracking of the ground but was likewise doing minor damage to . crop which hitherto had been progressing so favorably with most yields expected o be higher than average. The week-end reports from Canada indicated that harvesting there was progressing rapidly and that all grains except flax had been cut in outhern areas while even harvesting in the more northerly districts had started. There were a few scattered showers but hardly enough to bring about more than emporary delay.

In Europe conditions were a little more discouraging because requent rains in many countries during recent weeks had lowered quality of the rain and in many instances this was expected to cause a downward adjustment in roduction. As a result, there will be a good deal of low-grade wheat, which may nly be suitable for feeding purposes. The Low Countries apparently have been articularly hardhit in this respect and West Germany has also suffered. France n the other hand appears to have escaped any serious effects from recurring rains s quality of the grain thus far harvested has been fair to excellent. Nevertheless, he final outturn may be somewhat smaller than recent calculations. Dry weather ame to many provinces in Northwest India after the torrential rains which were reported to have caused widespread crop losses on a scale not witnessed in recent ears. The excessive moisture is also handicapping preparations for the seeding of pring grain, but in spite of all these reverses, India still anticipates a very good f not a record harvest of winter grains this year.

Chicago wheat stocks increased 1 1/4 million bu and now tand at the highest point of 15 1/2 million, which is the figure we had forecast arlier. Beans showed a sharp decrease of 1.3 million bu still leaving 2 1/4 million this market. The most important thing is when the new beans will be moving to eplenish supplies that are gradually being exhausted. Much of the weakness in the ean market today was due to the slump in meal prices, particularly the nearby elivery which was sharply lower. Corn reacted and in spite of a few dry reports, e crop seems to be coming along well. Wheat was a shade lower, but there was o particular feature. We have about 2 million bu of rye here in Chicago which is ot a great deal, but there may be a little coming in from Canada later on. Oat ocks increased locally by 803,000 bu to a total of 6 3/4 million bu and is a fairly rge supply.

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DAILY MARKET LETTER

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CHICAGO, 4

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CHICAGO MERCANTILE EX.

August 29, 1961

Naturally it is very difficult to project very accurately statistics r next year's soybean carryover because the production figures are not even lly known. However, on basis of the indicated 685-million-bu crop, which might ery well be changed, it is expected that the USDA will forecast about a 40-million-u reserve one year hence. This branch of the government agency performs a emendous service by its crop-reporting information, and often comes very close correctly analyzing supply and demand far in advance. At least for the 1961-62 eason, they are expected to forecast a crush close to 435 million bu vs 405 million is season, while seed and feed usage again will be 38 million bu. If exports in-rease from 135 to 175 million bu, which is possible on basis of the Chinese drought roubles and Japan's increased needs, then the October 1, 1962 reserve could be s mentioned above on basis of the present crop outlook.

The large soybean crop along with the much higher loan is one of he reasons record payments will be made to farmers this year. The new USDA olicy is aimed at reducing surpluses on a commodity by commodity basis, while t the same time keeping farm income high. Among the incentives offered pro-ducers to plant less surplus grains, such as wheat and corn, has been the increas-ed support price for soybeans and such a big acreage was seeded to this crop that we would be gratified if only 40 million bu is carried over October 1st, 1962. On alance, actual cash receipts from farm marketings will be slightly lower during he coming year, but total net income should grow on basis of federal subsidiza-ion through greater government loans.

For the week ending August 25th, inspections of soybeans amounted to 1 1/2 million bu vs. 1.9 million during the same week last year, and it now ap-pears likely that exports for the entire season will, indeed, be less than the 140 million bu cleared during the previous 12-month period. Despite another meeting between those concerned in the elevator workers' dispute in Chicago, there is no sign yet of settlement, but the opposing factions are scheduled to meet again today in order to try to come to terms before the midnight deadline August 31st.

Only local showers occurred overnight and the main producing areas in the corn belt were without moisture but the high temperatures will hasten both corn and beans to maturity. For this reason prices have eased and in the weeks ahead some pre-harvest hedging might appear. Wheat values give ground grudg-ingly because of the tight holding attitude uniformly among farmers who feel that with a higher loan rate for the 1962 crop, prices toward the endof this season might be affected.

The Department of Agriculture has announced a buying policy of lard for distribution to schools, institutions, and needy families. Some export business in wheat occurred overnight, including a sale by Canada to Germany.

Primary receipts of wheat were 3.7 million, about in line with last year but less than the 5 1/2 million last week. Kansas City and Minneapolis stocks increased 379,000 bu so far this week.

Corn and wheat were under pressure most of the morning and it is felt that some of both grains might be delivered on September contracts even though free stocks of corn decreased 705,000 bu last week, leaving 8.7 million bu. An increase of 1 1/4 million bu of free wheat stocks occurred so that almost 15 1/2 million bu are now in this market. We would think that ultimately the advantage will be with the longs in wheat though it may take a while for prices to respond to the tight holding policy being displayed by farmers, and until such time as free supplies become more scarce.

The Saskatchewan Pool Report estimates wheat for that province at 131 million bu versus 308 million last year, and a flax crop of a little more than half as large as last year. Harvesting in that country and in our Northwest is moving along, and weather is good for gathering of grains.

The nearby month of soybeans rallied during the latter half of the session as a good deal of unwinding of spreads between September and more dis-tant months evidently occurred. Bids for immediate shipment of beans from this market are high in comparison to the futures, and Chicago stocks will show another large decrease next Monday. Nevertheless, a great deal depends upon the pending strike and whether new crop beans will be rolling by the 20th of September, which many people believe possible if the weather continues favorable.

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CHICAGO, 4 August 30, 1961

The fall of the great Roman Empire occurred in 44 B. C. despite the many victories on the battlefield by Julius Caesar and his able generals. The Punic Wars ended with the total destruction of Carthage but yet Rome could not stand because its people had become soft, and even the handouts of corn in the public square failed to bring about the security which had been intended under the law. As a result Julius Caesar was assassinated in the Roman Senate by a group led by Cassius and Brutus, who had been his friends. If we possessed all that we desired at any me, life would become insipid and drab. Both the desire and the willingness to achieve that desire are the attributes that make life worth living. It could probably e stated as a definite axiom that whenever a government does for its citizens that which they have the capacity to do for themselves individually and in groups, it begins to destroy both their capacity and their incentive to do for themselves. It begins to weaken rather than to strengthen the foundations of freedom as a means of progress. Even in the field of overseas relief, we are afraid that despite the well-intentioned efforts to help the less fortunate, we may not be attaining the goals that are being sought.

Before our market opened this morning, there was not much encouragement in the way of a strike settlement of the Chicago elevator concerns. Apparently the question of wages had not even come up for discussion, and we may not know until the very last minute if present differences can be reconciled. Meanwhile, corn and soybeans are making very satisfactory progress. The condition in Iowa for both of these commodities is said to be excellent, and maturity seems to be at a normal rate with the need for more warm weather still existing. Temperatures are likely to be a little higher than average for this season, and actually in the Dakotas the thermometer has been registering 100 degree temperatures although this is not entirely general. Virtually all of the soybeans were showing pods in Minnesota, and elsewhere we hear that plants are turning yellow, so that it is fair to assume that the harvest movement will be on schedule. In Minnesota, over one-tenth of the corn acreage is in the denting stage, and except for the 1955 and 1959 seasons when over one-third was dented by now, 1961 is ahead of recent years. Soybeans likewise are mostly reported to be in good to excellent condition except in west central and northwestern areas where the condition is only fair to good. More than two-thirds of the flax has been cut and two-fifths has already been combined.

In Europe dry weather has permitted harvesting to pick up. This work is virtually completed in France, but the crop will probably be 10% below last year. There has been greater activity in Germany, although bad weather has taken a toll of yield as well as quality. Some talk prevails that this year's production will be 1/2 million tons below last year. The Italian crop is better than a year ago, but they will still have to import a substantial number of cargoes. Corn in most areas is good. There were some parcel sales of red wheat in greater number for September-October, Gulf and Atlantic shipment, mainly to Belgium. No. 2 red wheat was bringing Chicago September price FOB Toledo.

Primary receipts of wheat amounted to 2 million bu which compared with 2 1/2 million bu last week and 2. 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 440, 000 bu.

Trade in wheat was not heavy. There was an early decline which came about largely because of an indifferent cash demand. Later on, however, there was some commercial buying and it remains to be seen what the tenders will be against September contracts tomorrow. However, with the difference of, 12¢ between September and March, the elevators may not be too aggressive. Pakistan bought 13, 600 tons of white wheat for October shipment via the Atlantic, and Formosa bought 18, 500 tons of Pacific Coast white for September-October shipment. Israel bought about 2 cargoes of hard wheat for last half October shipment. Flour demand was not too brisk but some business apparently was put through. Some of the people in southern Illinois, who last week had reported that their beans were still green and growing, now say that due to the dry, hot 90-plus degree weather, the plants have started to mature, and that accordingly beans will be harvested sooner than had been first expected. This put a little quietus on September beans which yesterday had gone to a premium of 6¢ over November although we still expect a pretty fair decrease in the Chicago supply again on Monday.

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CHICAGO, 4 August 31, 1961

Initiative and skill combined with science and technology have permitted achievements that make us the best fed and clothed nation in the world. Since we ieve our system is the best, we have encouraged other countries to embark upon same democratic way of life including individual freedom and a limited govern- nt concept. However, these aims are obscured by the fact that we in this country e gotten off course with federal aid, subsidies and other social benefits. After when the Pilgrims arrived they certainly lived in what could be described as a ressed area, and no one guaranteed them high prices for anything. Since the popu- on of the world today outnumbers that of the U. S. by 20 to 1, it behooves us to examine 16 years of expenditures of $100 billion throughout the globe to save the rld from poverty, illiteracy and communism. The motives are not in question, only the success of these programs. Furthermore, we wonder whether we can p other nations and their governments to help themselves when we have developed our country compulsory Social Security, public housing, price supports, public wer projects, federal aid to education and subsidies to various groups in many ms. It should be considered that these measures if adopted in other lands might necessarity lift the living standard, but, as we are witnessing at home, they rely divide up what free enterprise and initiative on the part of private citizens e established.

The statistics issued in the August "Wheat Situation" show that the tial 1961-62 supply of U. S. wheat amounted to 2,619 million bu. This is second ly to the previous year's record, and exports are forecast at 675 million bu for the rrent season with domestic consumption expected to be 594 million bu. If so, this uld indicate a small reduction to 1,350 million bu in next summer's carryover, t this would be the first contraction since 1958. On basis of expected compliance th the new program the USDA figures a wheat crop of 1,075 million bu in 1962, but er somewhat smaller disappearance, the July 1, 1963 carryover would be reduced 5 million, but would mean that we would still have 1,225 million bu or about one ar's total use. Of course, this all depends on weather and changing demand cir- mstances. It is interesting to note that an increase in the reserve from about 18 30 million bu might be effected in soft red wheat at the end of the current season, d this larger stock will supplement supplies in the following crop year by offsetting expected reduction as a result of participation in the wheat program. In order to this, the government will have to attempt to limit the exports of this type wheat d flour.

Regarding rye, a supply at the start of the current season of 43 million will be reduced by 25 million for domestic usage, and possibly only 3 million for port, which would be the smallest since 1953-54. If borne out, next summer's rryover of 15 million bu would in reality be an increase and above the 10-year erage.

Broomhall reports U. S. wheat and flour exports since the first of July 90 million bu versus 79 milliona year ago. With the season nearing an end, corn ipments are well ahead of last year, and 244 million bu have moved abroad com- red with 183 million by this date in 1961. Very high temperatures with scattered isture forecast are aiding corn and beans toward maturity, and beans in particular e generally turning yellow with the improvement in the weather during the past ek. Sorghum progress in the Southwest is also good to excellent.

Tenders on September contracts resulted in lower wheat and corn mar- ts after early strength. Through noon over a million wheat and 2 million corn re announced for delivery, and 495,000 oats and 400,000 rye were put through the earing House. Consequently, nearby months of these grains declined, especially eat and rye. Soybeans on the other hand were influenced at times by short cover- , but still September failed to gain on deferred months as there were reports m the South indicating some beans might move to market shortly. As a matter of t a truck load of new beans arrived at an elevator just south of St. Louis yester- , and where the plants are dropping the leaves in that area combining should rt picking up the last of next week and be going in full swing by the 15th of tember assuming weather permits. It must be remembered that an elevator ike is set for midnight tonight barring a last minute truce.

Primary receipts were 2.3 million, in line with last year but a little s than a week ago.

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CHICAGO, 4 September 1, 1961

Anyone trading in wheat must adapt himself to the ever-changing conditions not only in technological developments, but also, in the constant reforms that are brought about through legislation. The new wheat stabilization program, which is one of the major provisions of the Agricultural Act of 1961, became effective for the 1962 crop as the result of the 79.4% affirmative vote in the August 2th referendum. This is the eleventh time that farmers have voted for marketing quotas on wheat and again they continued their record of approval The highest assent came in 1957 and 1961 when in both cases 87.4% favored the government plan, while the lowest acclaim was in 1955, when only 73.3% voted favorably. In any case the sign-up will begin as now planned in the winter wheat producing areas in mid-September and will run for about six weeks.

Farmers who signup and comply with the provisions of the program will be eligible for price support, which in the commercial areas will give them a support at $2 per bu. This reflects 84.4% of the August, 1961 parity price of $2.37 per bu, and compares with the 1961 crop support price of $1.79 per bu, which was set at 75% of parity. The new program requires a mandatory 10% cut in 1962 arm acreage allotments as determined on basis of the minimum national acreage allotment of 55 million acres if farmers desire the loan. In other words, this means a minimum cut of 5 1/2 million acres, and it could extend quite a bit further. As a result of the participation in the new program, it is fair to assume that next year's wheat crop will be somewhere in the neighborhood of 1,075 million bu, and it would be a drop of about 130 million bu from the August 1st estimate of the 1961 crop. As we look back, it was only twelve years ago that the total wheat acreage in this country was nearly 84 million acres, at which time we raised a total wheat crop of 1,098 million bu. This discloses one very pertinent fact: namely, that we shall raise nearly as much wheat next summer on only a little more than half of the 1949 acreage. Thus the work of the chemists, the improved developments in technology, and the ntensive cultivation of the soil, together with improved seed, has brought about he enhanced yields per acre. Probably none of this would be possible except for he great incentives that the government has made through artificial pricing, which encouraged better farming methods.

Another factor that should be borne in mind is that through July 31st, armers had put 129.9 million bu of the 1961 crop wheat under price support loans and purchase agreements. This was about 3 million bu more than the 126.9 million bu of 1960 crop wheat under support the same date a year earlier. The increase came in the face of an 11% smaller crop, and would indicate that the total loan entries this year might be very large in spite of a higher price level. Wheat prices generally have advanced from levels of early June and are currently sharply above the effective support level. All this was possible even with another large 1961 world wheat crop, although it did not measure up to the near-record 1960 total. Preliminary information indicates that substantial reductions from last year were due to smaller production in North America, Europe, and Africa, which was partly offset by better prospects in the Soviet Union, Asia, and South America.

Primary receipts of wheat were somewhat over the 2 million bu mark. This compared with nearly 3 million bu last week and 1.8 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 796,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of 3.1 million bu.

Trade was very much on the quiet side. The fact that an elevator strike had been called blocked this market insofar as loadings and unloadings are concerned. There are a few minor exceptions because neither of the two flour mills are affected, and probably some of the feed plants have not been struck; also one of he larger elevators was given a one-day extension before work stoppage occurred. Nevertheless, it is pretty difficult to do business in a market when actual grain annot move freely. The Quaker Oats report spoke of high temperatures and abundant sunshine during the week which brought about rapid advancement of both corn nd beans toward maturity. Providence has been kind to farmers except in the Northwest where the wheat, oat and barley crops were badly damaged. There was ot the urgent type of selling in rye today, and as a matter of fact we had considerable buying of December and March by commission houses. There was some belated flour business, but most of the buying against this has been completed and emand now seems checked.

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CHICAGO, 4 September 5, 1961

The Galvin report was issued shortly after the opening this morning and gave a surprisingly large figure of 738 million bu for soybeans based on conditions September 1st. This is some 55 million more than the government estimate one month earlier. It comes at a time when USDA officials specifically had been reporting that total supplies at the start of the crop year of 690 million bu might be largely used. They were talking in terms of a 40 million-bu carryover October 1, 962, but if their production figure to be released next week approximates the private one projected this morning, then, of course, next year's reserve will be a good deal greater. In other words, there is little reason for market prices to advance further than the $2.46 1/2 track country sales price for government takeover beans next summer, despite the fact that loan entries undoubtedly will be tremendous.

A good deal of moisture occurred throughout the corn and bean belts over the week-end but was concentrated mostly in the northern halves of Illinois and Indiana with lesser amounts in Iowa. This, of course, will enhance yields but in some spots might delay harvesting. Nevertheless, these two crops are both pretty well made, and insofar as corn is concerned, Galvin's estimated outturn of , 389 million bu is about 37 million more than the government figure in August. The Secretary of Agriculture has expressed satisfaction with the fact that this ear's corn return might be some 500 million bu less than in 1960, and that CCC tocks also will be cut some 250 million bu. It should be pointed out, however, hat the per-acre yields were raised considerably in comparison with last year as armers used a more concentrated amount of fertilizer and planted much closer together, which very definitely can be seen by viewing corn fields. It is because of his that a number of Senators from wheat-growing states wrote the Secretary of Agriculture, expressing their desire to change farm legislation to a bushel-quota system rather than on an acreage basis, as the increase in yields during the past number of years has all but outmoded existing programs.

A figure of 152 million bu was estimated for spring wheat, slightly above the official forecast last month, while oat output was raised more than 50 million bu to 1,033 million, and, this, of course, changes the picture for that crop somewhat. At the same time it should be mentioned that the Canadian figure announced last Friday afternoon noted disappearance for oats in that country last year at 453 million bu, which is 21 million more than this year's crop, indicating no carryover, and prices on the Winnipeg Exchange have reflected this by approaching crop highs in recent trading. The wheat crop in Canada is reported at 252 million bu plus the carryover of 523 million bu, so that on basis of last year's disappearance, including exports, there would still be a carryover of 271 million at the end of next July. There was little surprise in the 14.6 million bu flax estimate as it was known that a poor growing season would result in a greatly reduced outturn.

There has been no change in the strike situation as no settlement was reached between the Chicago elevator operators and the Union, and one additional large elevator is attempting to come to terms today but,if not successful, may be closed by a walk-out of workers tomorrow.

Soybean stocks declined 1.3 million bu, leaving 900,000 bu in this city and though this is a small figure there is practically no demand for them at a premium with the prospects for such a tremendous harvest imminent. As a matter of fact, in a very weak market September beans lost ground on deferred months. Chicago wheat stocks increased 160,000 bu to 15.6 million bu, but markets were a ittle better supported as a fair demand exists for export flour and wheat, and armers hold tenaciously. Corn stocks decreased 1/2 million bu to 22 1/4 million while oat supplies increased to 6.9 million. There was practically no change in rye stocks but prices declined.

According to Foreign Crops and Markets, the outlook is for another arge world wheat crop with production increases in the Soviet Union, Asia and South America. Substantial reductions from the 1960 level will occur in North America, Europe and Africa. Fats and oils again are moving at a high level in world trade, though possibly a little below their 1960 record volume with the U.S. again, as in the last two years, supplying almost one-third of the world's trade.

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CHICAGO, 4

September 6, 1961

As far as wheat is concerned, we should have no difficulty this season in exporting the largest quantity that was ever shipped from here in a single year. The usual competition from Canada will be much less keen owing to the fact that her crops have been greatly reduced. According to the last estimate, total wheat production in that country amounted to 252.5 million bu compared with 489.6 million bu last year and an average crop of 497 million bu. In other words, they raised just half a crop. On the other hand, according to the early samples it will be a predominantly number two northern crop, with some of it running even higher in quality. The protein content is probably one of the highest in recent years and it is generally admitted to be one of the best quality crops ever harvested; so from that point of view it should assist the farmer in securing a better price, although, of course, on a much reduced scale. It is considered likely that exports in the current season will be approximately the same as they were a year ago, and therefore, one can arrive at the conclusion that the Canadian wheat stocks next July 31st will be only about as much as was produced this year. In other words, the reserve will be either domestically consumed or shipped out. In view of the fact that Canada has been carrying such big supplies during the last eight or ten years, the smaller reserve will look very moderate by comparison, particularly as she is endeavoring to maintain an export rate in excess of 300 million bu per year.

Regarding other grains, the problems that faced them in prior years have almost entirely disappeared. This is particularly true of the two feed grains--oats and barley. The oat production is 126 million bu smaller and the shortage is even more accentuated in the Prairie Provinces where consumption has generally been quite heavy. They have a very large stock population of cattle, hogs, and poultry, and it may even be that Canada will have to look for imports before the season ends to supplement home needs.

As far as barley is concerned, that crop amounted to only 116 million bu compared with 207 million last season and 238 million the ten-year average. The consumption of barley in Western Canada alone has been in excess of 100 million bu a year. Considering the carryover of stocks on farms from last year along with this year's crop, the barley picture appears a little better than oats, but there, too, there are no big surpluses looming. One must bear in mind that the requirement for barley in Canada for malting purposes runs approximately 18 million bu per year. Altogether about the only exports that are likely this season will be those previously contracted to China and those sales will probably be cared for by the end of October. There is another sale of barley to China during the coming season, but there is some question in the minds of the trade as to whether or not an agreement can be reached between Canada and China as to price. This has not yet been established and considering the high Canadian price as compared to barley in other countries, there is some question whether the deal will be finalized. We mention all this because it has some bearing on our markets, although we doubt whether any oats will be exported to our northern neighbor in view of the comparatively small crop here and the chances are that the high prices in Canada will curtail their consumption. In any case, it does pose fewer problems than we have had in the past.

Late yesterday soybean shipments were published for the week, showing 1.5 million bu or precisely the same as a week earlier and this compared with 2.8 million bu a year ago. Total clearances are about 4 million bu smaller this season than last.

Primary receipts of wheat were a little over 3 million bu which compared with 2 million last week and 2.7 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 124,000 bu. The wheat visible increased 3 million bu while bean stocks declined 1.6 million.

Markets were much more quiet than the day before. Beans fluctuated within a narrow range and not much attention was paid to the 5-day forecast for a considerable amount of rain over the belt. Meanwhile, sunny skies prevail. Wheat was firm for a time although best prices did not hold. There were fair tenders. Flour business was extremely dull. We understand that farmers in Oklahoma are buying fertilizers on a big scale determined to increase their 1962 wheat yields to offset acreage cuts. Corn was fractionally higher but without much news. There was some scattered commission house buying in oats, but the market in our opinion is high enough.

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KANSAS CITY BOARD OF TRADE
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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 7, 1961

We have heard the term inflation so often that we have almost become ccustomed to living with it except when we go to a store or pay a bill. More mericans have larger incomes than ever before, but unfortunately the true value f our monetary exchange is dwindling. Total governmental expenditures averaged 20 per person in the U. S. in 1902, rose to only $90 by 1927, jumped to $446 in 950, and last year reached $830 per person. Using the 1947-49 period as a base f the purchasing power of the dollar equaled 100, it is interesting to note that ac- ording to comprehensive price indexes of 51.5 in 1939 and 119.5 by the end of 1960, ie loss in purchasing power of the dollar was approximately 57% of its 1939 value. 1 other words, a savings account established 22 years ago would be worth only about alf as much today as it was then. This would, of course, be true for money set side for insurance, U. S. Savings Bonds, or any redeemable currency. In some ields economies have occurred, for example, electricity, where efficiency has esulted in the price for kilowatt hours for household use to decline from 50¢ in 900 to 2¢ at present. The American people have asked for more services and long with wars and currently the necessity for military preparedness, the almost teady increases in government expenditures have run almost unchecked.

Weather is favorable for maturing of crops though soybeans are about n schedule in most of the large producing areas. As far as the price outlook for his commodity is concerned, many advisors have recommended to farmers to hold eans where possible after harvest as the market level very likely will advance at east to the government selling price during later months. Corn, too, could have a air rise as the Secretary of Agriculture has again pointed out that corn for grain roduction in 1961 will be far less than it would have been had controls gone un- hecked. At the same time wheat supplies are still tight and first hand selling in he Southwest is almost nil while demand from both elevators and exporters is alled aggressive by The Southwestern Miller, but mills are unable to bid much for rotein wheat due mainly to lack of space. The U.A.R. may purchase 100,000 tons f flour and wheat including some soft red, and Italy, too, is expected to request enders next week on 150,000 tons of hard wheat. All of this helps keep market rices firm and results in traders setting their sights on further increases between ow and the end of the year. Of course, the large supplies in Chicago have forced videning of carrying charges.

An announcement this morning to the effect that the Cargill Elevator n Chicago had come to terms with the union is somewhat indicative that others may 'ollow suit at least next week when the next meeting is scheduled. At any rate as his large warehouse will continue to operate, some further movement of grain to ind from Chicago can at least continue. A few early harvested beans are coming nostly to Decatur, but as the movement expands Chicago will begin to build up a tock.

For the above mentioned reasons, soybeans were weak, especially the September, though that month fluctuated during the morning, and with the big open interest there will be a large trade. Of course, if beans begin rolling in any volume before the expiration of this month, which certainly is possible, then we would guess that it will lose all of its premium. We will have to wait and see whether the government bean forecast to be issued after the close Monday will be as high as the private figure, and, if so, we would think that it will be a while be- 'ore new crop beans reverse their down trend.

Corn does practically nothing, but carrying charges reflect the ade- quate supplies, and even though confidence may return following harvest, there is every reason to expect additional pressure for the time being. Evidently some oats have been shipped from this country to Canada with more business pending, ınd this news brought buying into our market so that prices made a fair recovery. Vheat also advanced and there is every reason to believe that with prospects for nother year of tremendous exports and currently small country offerings, further allies are possible. At the moment flour trade is quiet but mills had bought pre- iously in large quantities anticipating long term requirements. Though there is othing particularly bullish in the rye picture at present, this grain has had a ather sharp decline.

Primary receipts of wheat amounted to 1.4 million bu which com- ares with 2.4 million last week and 1.8 million a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 8, 1961

Perhaps the greatest danger at the present time lies in the al-
ost constant federal deficits which offer little opportunity for debt reduction and
eate much of the inflationary pressure which we have experienced. Recent official
tions have added $6 billion to our largest peacetime budget and the end is not yet
sight, despite a prospective deficit that ranges somewhere from $5 to $10 billion.
is, of course, true that most of the latest additions are for defense needs made
gent by the tense international situation, as well as the rapidly expanding conquest
space.

We feel certain that such outlays will be dutifully met by Ameri-
ns but many would like greater assurance that all possible economies are being
rsued. It is certainly not very reassuring that the Congress voted $46.7 billion
r defense, which was $1 billion more than the President had sought. Total govern-
ent expenditures in fiscal 1961 amounted to nearly $900 per person and were
uivalent to some 27% of the gross national product. Much more attention is al-
ys paid to federal spending than to that at lower levels but state and local entities
d debts of about $75 billion, and even those are mounting as we uncritically accept
ore and more services from the state and federal governments. Our nation has
d only seven years of surplus aggregating $17.9 billion in the past thirty-two
ars. At some point this process could so undermine confidence at home and
road as to seriously threaten the dollar's stability. It is abundantly evident that
ending has become far too easy, and it is high time that every responsible citizen
dicate more of his time and energy to understanding the quantity and quality of
vernment for which he pays. Only a better informed and aroused electorate can
ing the much needed restraint into unbridled public spending.

Before our market opened this morning, there was not too much
guide it. The Quaker Oats report in speaking of both corn and soybeans pointed
t the excellent progress toward maturity as a result of continued temperatures
ove normal. Development has been several days to better than a week ahead of a
ar ago. Soybeans have come along very well during the month of August with but
w exceptions. They believe that the official report next Monday will show some
creases for spring wheat, oats, and barley and that the oat crop may have im-
oved to the billion-bushel mark. On the other hand, they are not quite as optimis-
c as Galvin on bean production, looking for a figure of about 704 million bu, which
ould be 26 bu to the acre.

In Canada there is a showery condition over the west although it
expected to clear. Temporarily harvest of late grains and flax has been delayed
d at the same time has reduced hedging pressure. There is a slight improve-
ent in the domestic demand for oats and barley and we spoke yesterday of some
ports of oats into that country from the U. S. Here at home we may have 1/2 to
inch of rain in the central areas, according to the 5-day weather outlook.

According to Broomhall the provisional official German estimate
metric tons for all cereals is 12.4 million vs 15.5 million last year. India,
ich has been the largest taker of U. S. wheat in recent years, is estimated to
ve a food grain production of 79.3 million tons, the highest ever. This represents
increase of 4.6 million tons, or 6.1% over last year.

Primary receipts of wheat were smaller at 1 1/2 million bu which
mpared with 2 million bu last week and nearly the same last year. Kansas City
d Minneapolis stocks so far this week show a total decrease of 187,000 bu. A
ar ago the visible showed only a small increase in wheat. On Monday we may
ve a decrease.

Trade in wheat was not heavy, but the same factors prevailed
d in spite of slow flour demand there seemed to be a little buying by commission
uses. The open interest is quite large but holders are confident, particularly with
small offerings from the country. There was some hard wheat sold to Tunisia
the Gulf, and in corn yesterday's business of 5 cargoes to Spain was confirmed
ile Norway bought about 1/2 cargo today for September-October shipment. The
K. was also a moderate buyer. The consensus downstate is that the bean harvest
l start quite generally by the end of next week and should be going strong by the
h of September if weather holds up. Meanwhile there seemed to be a little better
mand, some of it coming from locals, but volume of trade was not particularly
vy. Corn was quite firm.

is not a solicitation of any order to buy or sell but merely a current market bulletin, any statements of fact herein contained are derived from sources
to be reliable but are not guaranteed as to accuracy, nor do they purport to be complete. No responsibility is assumed with respect to any such statement
respect to any expressions of opinion herein contained.

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September 11, 1961

Hurricane Carla, one of the worst in history, battered the Texas-Louisiana Gulf Coast, and it was feared that the storm might travel 100 miles inland with winds of 150 miles per hour expected to hit the shore late tonight. Already flooded conditions have devastated property in Galveston, Texas, and streets were filled with water so that pictures resembled Venice as the water from the Gulf of Mexico poured in. We doubt whether there will be much crop damage in the Delta areas, but the effects of the storm will probably bring rain to more northerly districts, and, as a result, September beans were quite strong this morning and the nearby future gained ground on later months.

Over the weekend Chicago grain handlers ended their strike against 16 of the grain elevators here in Chicago. It is said that 300 workers, who walked out on September 1st, will return to their jobs today. On the other hand there may be a strike of Weighmasters although these employees have stayed at work while negotiations have continued on a new contract. After the close of the market today, we shall have a government report, and probably of greatest interest will be the figure on bean production with some people calculating that the yields will not come up to those of Galvin, who last week reported a possible crop of 738 million bu. The Quaker Oats report forecast a crop of about 704 million bu figuring on 26 bu per acre, but within a short time after this letter is released we will know more about the situation, and in any case there is bound to be a banner crop on record acreage.

Over the weekend Russia detonated another nuclear device, and according to observers it was within a range equivalent of several hundred million tons of TNT. Before, previous blasts were said to carry a yield of only a few thousand tons. As one columnist recently pointed out: "After the dust has settled in Laos, after beards have become passe in Cuba, and when the Congo flows untroubled to the sea, there still will be Berlin - and fall-out."

Other news was of lesser importance although attention is still centered on the prospective large exports of wheat, and according to Broomhall our shipments are continuing at a very heavy rate. Last week clearances of wheat and flour amounted to 18. 6 million bu, and since July 1st we have exported 108. 9 million vs 78. 9 million a year ago. Thus, the increase is very substantial and amounts to 30 million bu. Corn exports were also heavy and were 6. 1 million bu. Since the 1st of October we have shipped 250 million bu of this cereal compared with 186. 5 million a year ago. Our oat shipments are on a smaller scale but this is natural in view of the smaller crop. However, Canada is importing oats from here although there are many factors which make it difficult to transact this business. Our of our friends at Winnipeg believes that there may be 4 or 5 million bu imported between now and the close of navigation, which, of course, is a rather substantial figure. There was some further moisture over the weekend in Alberta which was said to be delaying harvesting operations; also some moisture occurred in Manitoba although it was generally light and harvest of all grains except flax is about cleaned up.

Chicago stocks of wheat were practically unchanged at 15. 6 million bu. There was likewise hardly any change in corn, oats or rye. Bean stocks are also about the same as last week, namely 895, 000 bu in elevators and 35, 000 bu afloat. The visible supply of beans decreased 296, 000 bu with 5. 3 million less in various positions than a year ago. There was practically no change in the visible suppy of wheat. Total stocks are 542. 6 million bu or slightly less than last year.

Trade was extremely light in all pits. The weakness in stocks had very little influence here. Except for the September bean future, the market was a shade lower, and apparently traders were awaiting the government report to be issued later in the day. Wheat was fairly firm at one time, but lost its gain to close a shade down. Corn was unable to hold the advance of Friday, and a few liquidating orders came into the pit but nothing of great importance. Over the weekend the reported flour sales were exceedingly small. India bought 10 cargoes of Pacific Coast white wheat for October shipment, and there were also some parcels of corn and milo sold to the Continent. Generally speaking both commercial and speculative interests were in a waiting mood. The Chicago corn-hog ratio was 6. 6 this week versus 13. 8 last year at the same time.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 12, 1961

Yesterday's crop report was about as expected for soybeans as glow-
' reports have emanated from country points. Private forecasts generally had
en in excess of 700 million bu, so that the official figure of 720 million based on
ptember 1st conditions, was about in line with expectations. Possibly even further
provement will occur so that soybeans in the next crop year will become a surplus
mmodity. This is an unfortunate result of the current government legislation for
riculture because all of us in the private trade feared the results of a higher loan
d unlimited acreage as a stimulus to diverting land from corn to beans. We can-
: even say that the corn program is particularly successful because without much
ralding this year's corn crop is now expected to be over 3 1/2 billion bu, well
ove the 10-year average and only 370 million less than last year's record produc-
n despite the large federal expense to curtail output. As a matter of fact, when
add the larger carryover with the 1961 crop, we find total supplies down only
out 136 million bu at a cost of roughly $700 million. Observers have been aware
the thickly planted corn, and, of course, fertilizer sales were especially heavy
nsidering the planted acreage, so that average yields are expected to be 60.4 bu vs
.5 last season and the 10-year average of 44.1 bu per acre. Weather has been
out normal and if it should remain so, we can logically predict a similar fate for
e 1962 wheat crop despite the acreage compliance program. In other words,
rmers have learned to make up for smaller acreages by increasing yields.

The current soybean yield prediction of 26.6 bu per acre compares
th 23.6 last year and 21.4 the 10-year average. The USDA forecasts spring wheat
tput at 153 million bu, which when added to the winter wheat crop places net pro-
ction at 1,210 million bu compared with 1,350 million in 1960 and 1,094 million
r the period 1950-59. A small increase was forecast for oats to 993 million bu,
t 157 million less than last year. Sorghum output is placed at 480 million vs 608
illion last summer and the flax at 20.9 million vs 30.4 million a year ago.

Last week's inspections of soybeans for export totaled 372,000 bu
entically the same as the comparable week 12 months earlier and exports so far
is season are now more than 4 million behind last year with only three weeks re-
aining.

Weather, of course, is terribly important especially insofar as
rly shipment soybeans are concerned, and rains though not general, were received
many points throughout the corn belt and some additional moisture is forecast.
hether or not this will keep beans from rolling in time to be delivered on the
ptember contract in Chicago is debatable; however, the closeness of the harvest
d the size of the crop should keep all bean futures on the defensive. A good deal
concern has been expressed regarding crop damage resulting from Hurricane
rla and Southwestern advices state that most of the valley cotton has been picked
d, of course, sorghum harvest is fairly well completed by now. Rice crops are
avy in coastal areas and have suffered severe damage. Otherwise, losses are
eater to property owners.

Our market was, of course, guided by the crop report plus weather
the start, and Winnipeg flax was weak as a result of the increase in the production
;ure for this commodity in relation to the August report. The USDA estimates soft
d wheat output this year at 198 million bu, or almost 8 million above last season
d 20 million above the 10-year average. Further export sales are pending, includ-
; 65,000 tons of red wheat to Turkey and sales of this type have been running be-
nd last year's rate. The CEA says that the short-hedging positions of large wheat
aders on August 31st were the highest for any monthend date on record dating back
1937.

Most of the strength in beans was in the nearby month which was in-
ienced by the late forecast which indicated heavy rains for much of the corn belt.
iring the week free stocks of both wheat and corn increased by small amounts in
icago. Rye was firm with the main strength resulting from an export sale of
0,000 bu sold to Germany. However, prospects for further business in this com-
odity are small. Profit taking occurred early in wheat but the market recovered
ely from its low point while corn, except for deferred, was under pressure most
the morning despite commission house buying. Oats also were lower as supplies
this grain probably are ample and shipments to Canada likely won't be large
ough to be influential.

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CHICAGO MERCANTILE EX

CHICAGO, 4 September 13, 1961

The government is engaged in a great experiment determined to
t the surpluses of corn in this country which have been building up over a period
time. The yellow cereal, which it is often called, is the backbone of American
riculture and has been the principal crop since the very early years of this coun-
y. It is one of the few important plants indigenous to the Western Hemisphere,
d was extensively cultivated in the United States centuries before the arrival of
ite men. The size of the corn crop has undergone wide fluctuations from year to
ar, but it has been gradually climbing. The annual production reached more than
billion bushels by 1870 and output was doubled by 1890 with a filling in of the West
d the development of efficient farm machinery. Between 1900 and 1935 production
ctuated between 2. 3 billion and 2. 7 billion bu. With the advent of hybrid seed,
e average annual crops rose to 3. 3 billion bu since World War II, and in recent
ars yields have been so enhanced that accumulations have built up and we now
count for about three-fifths of world output besides which we are the principal
porter of corn, shipping out more than one-half the world total. Corn accounts
r about one-fourth the value of the nation's entire field crops, and more than 4. 3
llion bu was produced last year which set a record.

In all about one-fourth of the crop leaves the farm for marketing of
ich more than half goes to other farms for animal feed. In recent years the move-
ent to primary markets has been less than 400 million bu, and it is quite likely
at in carrying out the federal program upon which the Agriculture Department has
nbarked that at least that much will be sold from government stocks, so that the
ice outcome is difficult to foretell at this date. The most important utilization is,
course, for feeding of livestock with about 90% of the nation's harvested corn
ing used for this purpose. The relatively small quantity that moves to market has
eat influence on price, and therefore, any unusual selling on part of government
encies is an important factor. While some corn is grown in every state of the
ion, there are seven in particular that make up the corn belt area, and these
ates produce nearly 70% of the total crop which is raised on less than 50% of the
tal corn land. Thus far the government experiment is probably not working out
cording to calculations as farmers were paid about $700 million by the govern-
ent for reducing acreages. The increased use of fertilizer and power machinery
fset some of the acreage reductions. We doubt whether the yield increases have
t reached their peak even though 92% of the total acreage today is planted with
ybrid seed.

As we pointed out yesterday, the carryover reserve on October 1st
ill increase about 236 million bu above the previous season. Even with a 1961
op 372 million bu smaller, we will probably only cut these reserves 136 million
by September 30, 1962 assuming the same usage in the next 12 months as com-
red with the last. Likewise grain sorghum carryover, which was increased 118
illion bu, is offset by this year's crop which is 128 million bu smaller, but the
sultant decrease for a 2-year period is only 10 million bu. Taking the two com-
odities in combination, a reduction of 146 million bu, and applying the government
yments, would indicate that the reduction in carryovers would cost about $4. 80
r bushel.

Primary receipts of wheat were smaller at 1. 5 million bu compared
th 3 million last week and 1. 5 million last year. Kansas City and Minneapolis
ocks so far this week show a total decrease of 107, 000 bu.

Wheat was quite firm early and there was a fair amount of export
siness reported. Italy took 160, 000 tons of hard winters for September-November
ipment, Turkey bought about 6 cargoes of red wheat, and India took 1 1/2 cargoes
hard wheat. There is other business pending. However, the flour demand was
ry slow and toward the last with some profit taking, early gains were dissipated.
ey had some very heavy rains in the Southwest with as much as 7 inches at one
nt in Missouri. This, of course, while hurting late crops is wonderful for re-
ring moisture to the soil. The Illinois crop report was very favorable on the
ole. There was heavy buying in corn by a leading commission house which was
main reason for today's advance. In Europe rains have slowed harvest opera-
ns while in some areas high temperatures were causing concern for late crops.
France hot, dry weather seems to be harmful to corn. The weather is unsettled
Germany but little grain remains in the fields.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 14, 1961

Heavy rains have been received over much of the entire country ring the past 72 hours and not only has this moisture broken many records for s time of year, but the total water received during such a short span of time is usual for any period. In Chicago nearly 11 inches of rain has fallen since the art of the month which exceeds by almost 2 inches the previous high amount for l of September since records were begun. One of the severest hurricanes ever to t the United States was responsible for large quantities of this moisture, dumping inches and more in many sections as far north as Kansas and Nebraska. A few rnadoes followed in the wake of the storm while the rest of the corn belt was in me sections almost inundated by severe low pressure fronts carried in from the est and Northwest. Skies are now clearing, and this, of course, is a welcome lief, but temperatures have dropped considerably and readings in the 40's are edicted for many places tonight. If nothing else, fall crops will be high in moisre, but flooding normally is confined to low lying ground which does not constitute worrisome problem regarding damage in the corn and bean belts. As a matter of ct, farmers in central Illinois reported that rains in large part caused the dropng of leaves from soybean plants so that combining can be accomplished as soon fields dry sufficiently for machinery to enter.

After a rain of this kind, there is less concern over the fact that ater is such a major problem in this country. As a matter of fact, experts forete a doubling of U. S. needs by 1980 and a tripling by the year 2000. The growing opulation and larger usage of water for industrial processes and agriculture have esulted in this situation. In 1954 the average stream-flow withdrawal in this ountry was 300 billion gallons per day, and by the turn of the century demands will se to 888 billion gallons, although much of this water can be used repeatedly hich means that the availability often is there, but treatment and purification ong with larger storage facilities will become necessary.

Because of the closeness of the soybean harvest following a few days clear weather, September beans were very weak after the opening and deferred onths and grains generally were influenced. Liquidation in corn occurred because e government has decided to step up their selling of CCC holdings as they claim at up to now corn had been offered only at 105% of the $1.06 support price plus andling charges. Their objectives seem very questionable as the USDA says that eir intent is to stabilize corn prices. Actually in recent weeks, they have deined almost steadily strictly as a result of the tremendous pressure from federal- owned corn being placed on the market. They also are attempting to recover ome of the costs of the emergency Feed Grain Program, and in addition to this earish announcement longs are discouraged by the outlook for a very wet harvest a result of the unseasonally heavy precipitation.

Broomhall reports U. S. wheat and flour clearances for the season 119.6 million versus 94.8 million last year, and this is a large figure when we onsider that for last season as a whole exports were way ahead of any previous 2-month total. Corn shipments since October 1st are well ahead of last year at 55 million bu while only 1.6 million bu of oats have been sold abroad since July st compared with 6.6 million last year.

Primary receipts of wheat amounted to only 1 1/4 million bu, down om both last week and last year on this date. There is very little change in the heat picture, but the market holds rather well with practically no pressure, and en the heavy export business of hard wheat affects our market very little as only small portion of the exporters' holdings seems to be hedged in this market. Conequently, buying is small in relation to the number of sales. Insofar as flour les are concerned, demand is almost at a halt.

Soybeans were weak all morning and rallies in September barely ld as there is talk of combining beginning shortly. As a matter of fact, one local ocessor has been receiving shipments of this commodity by truck. Corn was wer all day with the government announcement of expanded sales and harvest proaching. Cats also have had a somewhat easier tone and this cereal in nnipeg has backed off from its high point, and sentiment there is not as favorle as it was earlier when prices were at a lower level. Rye seems to be liquited for the time being.

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CHICAGO, 4 September 15, 1961

The best way that a nation can remain economically sound is to
rive constantly to improve and develop its services, its resources, and to gene-
ite modern methods through technological devices. For example, if Du Pont were
make cellophane today by the same process which was used 35 years ago, the
m would have to sell at $6 a pound or about 10 times today's actual market price.
synthetic rubber were produced by the same method as was used 30 years ago,
day's selling price would have to be $4 a pound, again about 10 times current mar-
et levels. The need for modernization is not confined solely to the chemical in-
istry. Consider for example oil refining. A review of the last 100 years reveals
less than 116 significant innovations in this field, including 82 major process
anges involving substantial modernization investment, and 19 innovations which
mediately made the existing equipment obsolete. It is, therefore, essential that
e government permit industry to plow back some of its earnings to accomplish
ese results so that America will continue to move forward. We have found for
ample that through excessive taxation, and, of course, for other reasons, the
ilroads which were once a rock-solid business are today gravely ill. The same is
ue of coal mining and many other fields of work. Sometimes, of course, an in-
istry's decline is inevitable, but the basic cause is often the failure to keep pace
ith the times. Competitive forces and new developments will tend to make some
roducts obsolete. When factories are closed in one location, it is not always pos-
ible to erect new production units on the sites of the outmoded operations. This
eans that America is on the move in other directions as well.

The U. S. Department of Commerce reports that one person in five
anged his residence between April 1, 1956 and April 1, 1957. A more recent re-
ort by the National Education Association shows that 40 million Americans move
a new location each year, and that an average of one family out of every four
anges homes every year. The reasons are naturally multiple and may be for
conomic, military, social, emotional and other causes. Such moves often affect
e mental health of individuals in many ways, and strangely enough farm families
re the most stable according to studies made about the mobility of the population
the U.S. which revealed these significant facts. Generally speaking the move-
ent in this country has been toward the West. Studies have also shown that
arents in their 20's and early 30's move more often and farther than older parents.
/hen families move to a new place, it is usually a city.

Before our market opened this morning we had the Quaker Oats re-
ort which subscribed fully to the last government report which indicated an in-
rease in corn production of 168 million bu during the month, and they claim that
arring excessive flood damage from the recent weather, further increases are
kely. The same report showed slight skepticism over the government bean
stimate of 720 million bu which was an increase of 37 million over the official
ugust figure. While prospects had been lowered in the northeastern quarter of
linois and northern Indiana, they admit that the outlook was terrific west of the
lississippi River, particularly in Minnesota, Iowa and Missouri.

The primary movement of wheat amounted to 1.6 million bu which
vas slightly more than last week but a little less than last year. Kansas City and
linneapolis stocks so far this week show a total decrease of 223,000 bu. The
isible supply on Monday will compare with a shrinkage last year of 2.1 million bu.

Trade was not at all heavy. The wheat market was a little lower
n spite of some reported export sales as for example, 3 cargoes to the U.A.R.,
ut this comprised white wheat via the Atlantic. Bakery flour business was slow
nd according to The Southwestern Miller volume was only 25% of mill capacity.
'he Chicago Weightmasters' dispute has not been settled, but a vote is expected
ver the weekend which could decide whether or not operations will be continued.
leanwhile there is considerable concern that if elevators should close, it would
e up Chicago operations. This resulted in considerable buying of September beans
gainst sale of the deferred in spite of the very optimistic crop news and good
eather forecasts. Around the Bloomington area there will be no beans combined
ntil probably the middle of next week while at Clinton, Illinois, they may get
tarted again by tomorrow. Rye was strong following higher prices at Winnipeg.
here was talk of a reduced rye crop in Germany and also the possibility of that
ountry stockpiling supplies. Corn was weak and should decline more.

UHLMANN & CO., INC.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

September 18, 1961

There has been no contract agreement between the weighmasters and
evator operators, but the former group is still working this morning so that the
evator tie-up that was feared Friday has not come to pass. The wage increase
er was in line with what the elevator operators accepted recently, and therefore
re is some chance that a settlement might be effected soon. In the meantime
cellent weather is enabling farmers to combine soybeans, and the crop will begin
ving to market on a big scale in the weeks ahead. Hedging pressure most cer-
nly will be heavy, but it must be remembered that processors, exporters, and
rehousemen are anxious to accumulate supplies as their stocks have been whittled
a bare minimum. Reserves are almost nil as we enter the final stages of the
rrent crop year. Further market waekness depends upon how well farm selling
n be digested, but after the peak of harvest we would expect price recoveries as
present level is well below the loan and producers will be anxious to hold this
mmodity where space is available in order to gain the advantage of the higher sup-
rts.

Less attention has been paid to our wheat market recently as price
anges have been small by comparison although the general level has been well
aintained. However, strength in futures does not begin to compare with the very
m cash markets, and farm selling is almost at a standstill even though a few ware-
use receipts were bought in moderate volume in the Southwest over the weekend.
spite the record open interest in Chicago, it is questionable whether longs might
e, or at any rate it seems more necessary for new participants in order to permit
ices to advance more at the present time. The USDA has authorized the UAR to
rchase about 50,000 metric tons of soft red wheat for shipment between the end of
ptember and December 30th.

Late Friday the Senate Minority Leader made a sharp criticism
ainst the Secretary of Agriculture and his 1961 Feed Grain Program. Mr. Dirksen
inted out what the private trade has known, that the present administration has
mped over 230 million bu of corn on the market compared with less than half that
ount in 8 corresponding months last year. Of course, the corn program, which
s to retire 20 million acres of land from production failed to do so and the cost
dollars still was as high as if the crop had been cut as much as it should have
en for all of the acreage that was not used. What has occurred is that government
nds are being used in greater quantity to boost farm prices while the basic prob-
n of oversupply is not being solved properly.

While weather now is ideal for crop maturity in our country, adverse
nditions have prevailed in some sections of Europe, and according to Broomhall
ve resulted in downward adjustments. Corn is one of the grains that possibly is
ing hurt, and in France and Yugoslavia for example, output now appears likely
fall well below earlier expectations. Except for a few delays, wheat harvesting
largely completed throughout Western Europe, but the rains have put soil in good
ndition for planting in most countries.

When the Chicago stocks were posted, there was a small decline for
eat and beans. Not much attention was paid to this. We have known for some
ne that the supplies of soybeans in this country would have to be augmented from
movement of the new crop, but a few of the cars that arrived here today did
mprise this year's harvest, and, of course, the movement will gradually increase.
t stocks locally went up 234,000 bu, but there were hardly any changes for corn
rye.

Our market was weaker for oats, which up to now have held quite
ll even during the period when corn declined. However, some liquidation today
used a fairly heavy setback. Corn was rather steady and rye was higher in re-
onse to possible export business. However, wheat declined and part of this was
e to lower markets at Kansas City where they claimed to have had both liquidation
d hedging with new buying power rather limited, and some observers thought that
declines might extend further. There was very little commercial trade, but we
ll feel that our domestic usage is constant and that exports will set a record.
erefore, would not hesitate to make purchases on declines. There will only be 2
re days for trading of September contracts. Beans were weak and this seems to
perfect weather for maturity of the crop. One firm was a good buyer of the
rby month, but yet it lost ground on the more distant deliveries.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 19, 1961

Secretary of Agriculture Freeman spoke before the American Cham-er of Commerce at Brussels, Belgium, about 10 days ago and made these encourag-ig remarks: "Basically we believe in the efficacy of the commercial marketing echanism as the best means of providing consumers with goods and services. here the commercial marketing mechanism has problems in rendering this ser-ce, it is our desire to help strengthen it so that it can function adequately." This in contrast to some of the warnings that have come out of Washington to the effect at the government is out to overhaul the entire grain marketing setup. One thority claims that this will not be done all at once, and possibly not in the next ear or two, but surely over a longer period of time. They point out that a complete evision may take 10 years, and that they expect important changes to be made for ach new market season. The USDA could, of course, bring about marketing re-orms in connection with price supports and its various controls over them. They lready have a big hand in the merchandising of grain, particularly now as they eem to be selling corn and barley in what they call stabilization efforts. Once rains or beans are accumulated, the next question is always the disposal of these ommodities, and naturally whatever is done in connection with supports has a irect effect on most marketing operations. In an earlier talk at Minneapolis on ugust 21st, Mr. Freeman had this to say: "Wherever farm programs can operate ost effectively in the interest of farmers through their cooperatives we seek to urther that role. Within the last few weeks the Department has affirmed this prin-iple by authorizing the making of loans to soybean producers through their coopera-ives, and we reviewed and reaffirmed that position in response to hostile reactions gainst our decision."

Before our market opened this morning, there was not too much to uide it. Weather continued almost perfect for best development and maturity of oth beans and corn, and after the close of the market yesterday we had the weekly xport figures on beans which showed only 112,000 bu shipped during that period vhich compared with 2.7 million bu a year ago. The total clearances to date are bout 6 million bu smaller. However, we look forward to another year of large hipments, and there seems to be a little business almost daily. A cargo of beans vas sold to Denmark overnight for October loading while the Continent bought some arcels of soybeans for October-November-December shipment. West Germany ought some parcels of Canadian rye with the total now amounting to 20,000 tons, nd this has been giving some encouragement to the markets both here and at Vinnipeg. Press reports told of a scheduled meeting between weighmasters and he Board of Trade. The stumbling block appeared to be the union's request for a 0-hour week guarantee clause. This was written into the recent contract of the levator operators. Meanwhile, everything is functioning normally, and after today re shall have only one more session before trading in the nearby future expires. fter that settlement will have to be made through delivery.

Primary receipts of wheat amounted to 2.2 million bu which com-ared with 2.5 million last week and 2.4 million bu last year.

Trade in the various pits was extremely quiet and there was vir-ually no change in corn or wheat. Oats were a shade lower and recent action of he market has been disappointing to holders. Nearby deliverieries of meal were lown considerably, but this had very little influence on the bean market. At times hort covering of September brought temporary strength, but there was really no mportant feature. West Germany bought 5 cargoes of hard wheat via the Gulf, nd also some larger quantities of Canadian wheat and a good amount that was old from Australia, France and Sweden. U. K. and the Continent bought some arcels of corn, but we saw no noticeable hedge buying in the pits, and flour deman vas dull with capacity running only 15 to 20% of normal. We had advices from ownstate that some beans were combined and that the moisture content was running 1 1/4%. Reports on yields averaged 35 to 40 bu to the acre. The governmen veekly crop report stated mostly good to excellent conditions that prevailed over he heavy producing belt. The maturity of corn continued to advance rapidly over he main belt. In Illinois it is running roughly 40% and even better in Iowa and outh Dakota. In Canada rye was very strong, and there was some precipitation ver the Prairies, but mainly light except for about 2 inches in northcentral Ianitoba.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 20, 1961

Another hurricane is ripping up the eastern coast, but from all indi- ons it will not be near as devastating as Hurricane Carla, which did untold age to crops, buildings and equipment, the result of which is not fully known. vever, people in the disaster areas may apply for emergency credit assistance m the Farmers Home Administration, and any number of parishes have been ignated, particularly in Louisiana and Texas, just as fast as surveys can be pleted. Our government is trying to be helpful in many other ways to citizens are in distress. For example, 581,000 cases of canned tomatoes have been tributed to schools to meet the requirements of the National School Lunch Pro- m, and they have also purchased 4 1/2 million pounds of canned, chopped meat needy families at a cost of nearly $2 million.

In Canada, with a population of less than 18 million persons, there is as much money expended for purposes of this kind and, as a matter of fact, re is no price protection to farmers the way we know it here, but yet they have d to arrange for orderly marketing by holding crops back on the farms so that pluses did not pile up at terminals. This year, for example, there is less need help in that direction because of adverse weather which caused failure crops wheat, oats, barley and flax, but nevertheless, help is being extended to those ducers who might feel that if grain could be held back for a time that they would cure better prices later in the season. This is already affecting rye and flax re the early harvest is started. Farmers in Canada are finding ample storage lities so that crops do not have to be immediately sold. Producers who go to r banks can make loans on which the government pays the interest charges, and, result, one of our friends from Winnipeg told us that there will be quite a hold- tendency as farmers seem to have a pretty fair tax structure for 1961, and may wish to sell commodities in any heavy volume until the 1962 calendar year. s may have had some influence on both flax and rye in that market, and actually s have been very firm although in recent sessions some minor reactions have urred.

Here at home we find that some soybeans were booked for Chicago arrival guaranteed by September 28th. There has been a fair amount of har- ting accomplished during the period of good weather although a showery condition ow indicated. There will, of course, be many holes to fill and in addition some ort sales which are taking place, as for example a cargo today to Italy. The cessors will naturally be anxious forthe early arrivals. Some beans are bound e sold by farmers who want cash to meet pressing obligations, but with the price ar beneath the loan we believe that there will be large quantities held back, and re could, of course, be heavy loan entries unless the price improves. With this nind, it is not wise to become too bearish on this commodity even with a bumper p. In Illinois, soybeans are 3/4 all yellow; less than 1/10 of the crop is still en. The volume movement of beans in the lower central area is expected within eek. Corn is also making good headway with more than 9/10 dented or matured. innesota, progress has been a little slower for corn, but about 3/10 of the crop lready mature. However, 80% is now dented which is ahead of the maturity of last year. According to the weekly crop report progress of wheat planting ansas was delayed with activity confined mainly to the western third of the state. vever, about 20% of the intended wheat acreage has been seeded by mid-Septem- , which is about average for that date.

Primary receipts of wheat were smaller at 1.3 million bu although was a little larger than last year but smaller than last week. Kansas City and neapolis stocks showed a decrease of 220,000 bu.

Wheat was very firm in spite of slow flour demand. Kansas City was fferent but there was accumulation here. There were some helpful rains in ope, but they were only partial and dry weather seems to be unfavorable for the crops such as corn. West Germany bought 6,000 tons of our barley and also a ntity of Canadian rye via the St. Lawrence Seaway. Oats were firmer but corn not much changed. The big trade today was in September beans although both gs and shorts seemed to wait for the last half-hour before reducing their com- ments materially. Final quotations on September beans showed about even ces with November, but brokers were swamped with orders in the last few utes of trade. September rye expired at about the same level as December

cating strength.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 21, 1961

The U. N. Assembly has named a President, but there has been no ord yet on who shall be the next Secretary General. It will be difficult indeed to a successor to Secretary General Hammarskjold who was recently killed in a e crash in Africa. The West is pushing for a single interim Secretary General, the Soviet Union has resumed its demands that the office be replaced with a an ruling body, each armed with a veto. We in this country have always felt men have painfully and awkwardly and courageously built free societies because as only natural for them to do so. They have found that freedom in society is r all the best means of achieving their most cherished goals.

Before our market opened this morning the crushing report was published, and the grind for August was a little over 30 million bu which was slightly ller than a month earlier and compared with 32 million bu a year ago. Since beginning of the crop season we have crushed 377.7 million bu compared with 4 million bu in 1960. Beans opened a little higher, but this was occasioned nly by a few light showers that had fallen over the belt, and the forecast is for e occasional but widespread showers which may delay the harvest, but should have much influence on the yield. It was also wet in the Southwest with one t in Missouri showing 1/2 inch of rain. This, of course, is good for the winter at crop, and except for small delays we feel that the intended acreage will ually be planted under very favorable conditions. Denmark bought 2 cargoes oybeans, one for November loading and the other for December. The U.K. ght a cargo of corn for October-November shipment. It is expected that Germany receive tenders on 5 cargoes of hard and soft winter wheat on Friday so that business continues and additional offerings will be submitted today on 50,000 of red wheat to the United Arab Republic. For these reasons, namely that we going to have a record year for shipments, and also because of the compulsory eage reduction, it is our opinion that wheat futures can be purchased on declines. ay take patience, and we realize that there are those who point out that wheat e Southwest is above the loan so that offerings from those territories may exd gradually, but at the moment farm selling is rather small and country elevators buying only trivial amounts of wheat so that actual pressure on the market is hing but heavy.

At Winnipeg all grains have been very strong lately, and our friends at market see nothing to change the general situation. Germany purchased a e more rye overnight. The Dominion Bureau of Statistics told of harvesting ctically complete in Manitoba and Saskatchewan, and nearing completion in most s of Alberta. The recent wet weather has hindered operations in Alberta, and e are varying amounts of flax still to be harvested with operations least adced in the province of Alberta. There has been good progress with fall work re moisture conditions had warranted cultivation, but it still remains dry on the le, and after 5 years of moisture deficiency there is even a shortage of water livestock, not to speak of the lack of sub-soil reserve for next season's crops.

Primary receipts of wheat were lighter at 1.6 million bu and were same as last year but compared with 1.2 million last week. Minneapolis and sas City stocks so far this week show a net decrease of 138,000 bu. Broomhall orted that wheat and flour clearances for the week were 11 1/2 million bu, and the season they are about 37 million heavier than last year.

Trade was much more quiet in all pits. There was no feature in at and bakery flour sales showed no improvement. Mills, however, are awaitawards on Monday for a large total of export relief flour. The government sold e than 5 1/2 million bu of corn again during the past week which counterbalanced ome extent large exports which amounted to 3.8 million bu. Since last October have shipped 262 million bu versus 201 million a year ago. It seems rather icult to get very bullish on feed grains as long as federal agencies sell corn, ghum grain, and barley in the Pacific Northwest. After the expiration of tember bean contracts yesterday, which involved heavy evening up operations, market was comparatively dull. Prices were rather firm and we still consider ossible for fairly heavy impoundings and a holding tendency, but yet with the p so big there will be some selling at the start. Would think that traders should ize setbacks for making purchases. The weighmasters' dispute was settled.

UHLMANN & CO., INC.

[illegible]

[illegible] September 21, [illegible]

The U. N. [illegible] President, [illegible] who shall be the [illegible] General. [illegible]

[illegible] has [illegible] that the office be [illegible] this country have [illegible]

[illegible] our [illegible] the [illegible]

[illegible] month [illegible]

[illegible] 1950. [illegible]

[illegible] that water [illegible] which [illegible]

[illegible] this, of course, [illegible]

[illegible]

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 22, 1961

After the close of the market yesterday, the government published
res showing the amount of grains under support. There was 198.5 million bu
heat placed under loan which is somewhat smaller than last year when at the
e time 252.4 million bu had been impounded. Of course, this year's crop is
ller and additionally prices in the Southwest are quite high, so there is not
same incentive to seek cover. Nevertheless, the increase from the month
re was nearly 69 million bu, indicating a fair interest. Many producers who
undecided as to whether they should finally sell sometimes take the loan
ring that they have a put and that they can make up their minds at leisure as
nal disposal. There were no other very significant figures. The quantity of
impounded was smaller than last year with 1/2 million bu having been placed
er the loan, but larger quantities of barley sought loan entries and 5.6 million
f oats were also put into the loan, which is more than twice as much as last
r.

The crop production prospects increased sharply during August
feed grains and oilseed crops reflecting nearly ideal weather conditions
ughout the major production areas in the corn belt and elsewhere in the
on. Total production of all crops is now estimated to be 116% of the 1947-49
rage, although this is 5 points below the record set last year, but yet is
er than any crop before 1958. The yield per acre is estimated to be a record;
ely, 144% of the 1947-49 average, which is slightly above the previous highs
58 or 1960. There could of course, be some variations because the crops
not fully made at this time, although according to the Quaker Oats report a
percentage of the corn is already safe and even in some of the northern areas
Minnesota and Wisconsin 40 to 50% is ahead of frost damage. They say that
e is no question but that we will harvest a record yield of soybeans and now
ct to produce at least a 700 million bu crop, but they find it impossible to get
to fine points as to an exact estimate. Apparently only a minimum amount
amage was caused by the heavy rains of last week. We do, however, have the
-day forecast which indicates from one-half inch to two inches of rain pretty
erally over the belt. The heaviest amounts will be in northern sections of
ois and Indiana, but lighter in Iowa, also not as heavy in central and southern
ions of the area. The weather in Canada is still unsettled, which will further
y the flax harvest. While rains would be very welcome after five years of
ght it has impeded harvest of some of the late crops. They claim that no
her sales of rye have been reported to Germany, but our advices from the
are to the effect that West Germany will receive offerings on Tuesday on up
, 000 tons or about 2 million bu. This, of course, is all due to the adverse
itions that existed in that country. Besides the offerings from Western
tries, they also will receive offers from Eastern countries, so it is difficult
is juncture to say what will be done.

Country selling of wheat in the Southwest is still exceedingly
with no indication of any change from this general policy. Under the circum-
ces there is very little pressure on our markets and we continue to feel that
hases of wheat can be made on minor setbacks.

Primary receipts of wheat were a little better at 1.8 million bu.
was practically the same as last year and a shade better than last week.
as City and Minneapolis stocks so far this week show a net decrease of
00 bu. When the visible supply is posted on Monday, it will compare with a
kage last year of 4 1/2 million bu.

There was local short-covering in beans today and we think that the
ibility of wet weather encouraged some buying. Most elevators were bidding
ers $2.20 or $2.21 but not too many beans were sold. Much will depend on
mount of rains received over the week-end. Exporters were the best buyers
heat and apparently this was against the business to the U.A.R. Also some
es were bought at Kansas City with offerings down there light. Flour business
inued dull, the only exception being the purchase by one flour buyer who cover-
vo months' needs. The export demand was likewise draggy. Today was the
day for sign-up under the government acreage reduction which may have
ed some speculative buying. The cash corn basis was slightly improved.
e was also some buying of futures, but in general the situation has not changed

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CHICAGO MERCANTILE EX.

CHICAGO, 4

September 25, 1961

Everything in this world of ours is relative, and recently internation-
ttention has been focused on the Berlin crisis and the problems involved. The
re of the United Nations is at a crossroad, and our President went before that
ld organization today to plead for its very survival. Yet while all this was hap-
ng, many residents throughout the Midwest were concerned for the moment with
ded basements and water-soaked yards. A record September rainfall has been
ived in many sections with as much as 3 to 5 inches of rain common over the
kend. This moisture was rather extensive, and, of course, covered fields
re corn and soybeans are still growing as only a small percentage of the former
p has been combined, and virtually no corn has been picked, but damage probably
imited. In total the effect will mainly be one of harvesting delays. Markets
e firm at the start, but since a good deal of precipitation was received last week
the Friday forecast indicated big rains, a good deal was anticipated and we be-
e with clearing skies and the size of the crops, it is too early to expect much
nediate strength in either corn or bean futures. As a matter of fact, in Iowa the
is shining this morning and reports are that farmers will be able to enter some
ds tomorrow. However, the 5-day forecast mentions the possibility of more
toward the end of this week.

According to the American Soybean Association enough storage
ce is becoming available to handle the large crop, and in some areas the sales
arm bins have been the best ever. It is too early to be sure, but some Illinois
Indiana observers say yields are not up to what was expected, but west of the
ssissippi bean returns might be higher than the USDA had estimated. Of course,
supply of high protein feeds in 1961-62 almost certainly will be above those of
previous season as a result of the prospective larger soybean crush, and, there-
e, prices of these feeds may average a little lower than 1960-61, especially
ing the winter and spring months when last year a bull market developed.

In the current Feed Situation, the Department of Agriculture men-
s that total feed grain production this year will amount to 137 million tons or
below last year's record crop. As the total acreage was reduced about 16%, it
somewhat disappointing that yields increased by 5% on a per acre basis so that
corn supply for the coming season is now expected to total more than 5 1/2
ion bu or 135 million less than the previous crop year. On the other hand, it
nteresting to note that prior to 1960 no seasonal supply was ever this large.
ces of feed grains probably will average higher this fall and winter than a year
lier due in part to the smaller feed grain crop, but also because the 1961 price
port is a good deal higher, and, of course, producers will be encouraged where
ible to hold this grain for the loan.

The rains in the Southwest enhanced ground conditions for winter
at planting, and the export demand for hard wheat is still very good and also some
wheat has been sold, but Chicago stocks have not been drawn upon because they
not competitive. Chicago truck and rail bean arrivals over the weekend added
o nearly 1/2 million bu.

Soybean stocks in Chicago have now begun to increase and 391,000
vere added to the local stock so that 1.2 million bu are here. Almost 15.8 mil-
bu of wheat are stored locally following 1/4 million bu increase, while corn
ks declined 1 1/2 million bu leaving less than 20.8 million. Oat supplies in-
ased more than 1/2 million bu to 7.6 million, and this grain was again weak as
od deal of liquidation occurred. Undoubtedly this is connected to the over-all
grain picture, and the government selling of corn is generally demoralizing.
t week this government agency sold another 7 1/2 million bu domestically so
for the season as a whole just about 1/4 billion bu have been channeled into free
kets.

Corn prices broke and, in addition to the above mentioned reason, it
ecoming apparent that a good deal of surplus free corn will be available this
as even though farmers complied, they are only permitted to impound a certain
centage of their crop based on previous yields, and since this year's average
ds are a good deal better than in the past some of their corn will not be eligible.
ns did not fully hold as skies probably will clear, and in many areas permit
mers to re-enter fields in a day or two. Germany bought up to 50,000 tons of
from Canada and possibly a like amount from Russia.

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CHICAGO MERCANTILE EX

CHICAGO, 4 September 26, 1961

There is some talk that next year's support price for corn will be
ed to $1.30 per bu. According to agricultural advisors, they think that this is
led to encourage farmers' compliance in order to bring about the curb in plant-
which is sought for 1962. They feel that unless this were done compliance
ld be less than during 1961 when farmers cut their acreages to about 67 million
n 82 million the year before. At the same time, it is said that Secretary Free-
plans to continue selling government corn with the hope that farm prices will
eld to about the dollar level at least until next spring. That would be an added
cement to get farmers to sign up for acreage cuts that would qualify them for
price supports.

We have found that whenever artificial devices were resorted to, the
nomic influences have brought about secondary consequences. Sometimes the
lts are so far-reaching that they would merit careful scrutiny before being un-
aken. We have in mind the government policy of handling our silver supplies.
U.S. Treasury's policy was supposed to constitute a floor, but actually it be-
e the ceiling. It determines the world market value of the metal as long as the
ernment's pile of free silver holds out. Presently they are selling it at 92 1/4¢
ounce in the New York mint; by the end of 1960, the surplus was down to 123.5
lion ounces, and eight months later had dropped to 65 million ounces. At this
it will be exhausted before mid-1962. For one thing production has virtually
n stagnant, our mines have dried up, and as an example, Bunker Hill, the
atest producer in this country has supposedly come to the end of its ore re-
ves. At the same time, the low price has discouraged new investment in silver
es but helped to encourage the demand for silver. Demand keeps growing by
ut 20 million ounces a year, and this stems from three main sources: (1) The
ent still hoards silver and if the price should advance it would make it even a
e desirable hoarding medium in underdeveloped countries. (2) Of greater sig-
cance is that throughout the Western world the demand for hard coins has been
ng and it reached 95 million ounces in fiscal 1960. (3) There has been a most
ctacular expansion in the demand, particularly in the industrial field, and es-
ially so in the electronic and chemical industries. As a conductor, silver is far
erior to copper and practically irreplaceable in many usages. The same is true
hotography and brazing alloys, etc., besides the arts. The critical moment will
ive when the U. S. Treasury's free silver reserve will be exhausted. Mean-
le, the administration has apparently promised Senators from the silver states
no more ceiling activities will be imposed. Industrial users in this country
r a completely free market for the metal because they realize that if prices are
ned higher, it would increase mine output and eventually bring about a better
nce.

After the close of the market yesterday, the government published
res on weekly bean exports. They amounted to only 315,000 bu, which was about
-sixth of what they were last year and the season's totals are 8 million smaller
than in 1960. Weather had cleared after the protracted period of rain and the
nces are that within a few days harvesting operations will be resumed. In the
ntime it is not thought that any important damage has been sustained.

Despite the intent to hold down our exports of red wheat because of
sharp reduction expected in next year's production, there is quite a little busi-
s going on, including some offerings to the UAR, while Spain is receiving of-
also on 6 cargoes of wheat and is expected to buy soft winters.

There was a good deal of activity in the rye market. Details are not
lable but it seems almost certain that West Germany has bought between 3 and
illion bu of rye from a number of countries including Canada and the U.S., with
e also to come from Argentina, Finland, and possibly Australia. Advances
e sharp both here and at Winnipeg. With better weather, beans declined and
went into new low ground for the season. While the government is attempting
to penalize non-compliance farmers to get their programs rolling, they may
realize that they are also penalizing the U.S. tax-payer. Oats reacted a little
r the recent weakness, and with prices in Winnipeg 27 to 28¢ premium, there
probably be some further business to eastern Canada. It is being restricted by
of elevator space up there. Flour business was poor. We understand that all
and elevator operations are closed at Buffalo because of strike.

UHLMANN & CO., INC.

DAILY MARKET LETTER

MEMBERS:
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YORK COCOA EXCHANGE
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MODITY EXCHANGE INC.
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UHLMANN & CO., INC.
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141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS GRAIN EXCHANGE
WINNIPEG GRAIN EXCHANGE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN EXCHANGE
CHICAGO MERCANTILE EX

CHICAGO, 4 September 27, 1961

Congress has now adjourned and this is important because
ng other things it gives Senators and Representatives a chance to meet with
constituents in order to obtain reactions to various government issues. Pos-
these elected officials will find one general area of discontent: namely, the
rnational situation, and the general displeasure over our country's deteriorating
tionship with Russia. In the back of most peoples' minds is the realization that
tive policies must be displayed by our leaders in Washington. Whereas the
munists have definite goals, we on the other hand are constantly on the defen-
. There are many ways that the tables can be turned through affirmative action
as improving our propaganda and making known to the rest of the world how
Communists have prevented refugees escaping from behind the Iron Curtain. We
d demand free elections in those countries and insist on leaving the question of
man unification up to the Germans themselves, and as far as disarmament is
erned, play up the point that free and open inspection most certainly would pre-
trickery. Among other things, we would think that the U. S. could adopt a
e workable policy in regard to the use of aid money for neutralist and commun-
governed countries, and above all we should be prouder of our capitalistic sys-
and the freedoms which have definitely advanced our economic strength.

The weather generally is clear and pleasant over the Central
ions of the country, but the forecast is for a showery condition according to the
y outlook, and consequently, beans were firm at the start this morning. As a
ter of fact, some of the reports from early combined fields indicate that yields
comparing somewhat unfavorably with those received in the same places a year
and possibly the heavy rains have caused a few losses. It is difficult to gene-
ze this early because too large a percentage of the crop is still to be harvested,
these reports are mainly from Illinois. Farmers are holding where possible
he low price will encourage loan entries, but on the other hand a good deal of
s must be marketed as the crop obviously is too large to be fully stored. A
large export business can be expected early in the season as beans in quantity
not been available recently for overseas shipment, and a pretty good demand
this source and processors probably will be evident. It was reported that Red
a has sold one cargo of soybeans that was afloat to Denmark, and that pos-
y they will have another cargo to offer Germany for October shipment. Prices
said to be about equal to those of the U. S.

As was known yesterday, West Germany purchased more than
000 tons of rye, including 60,000 from Canada and 35,000 tons from the U. S.
ay it was said that additional business was done with Iron Curtain countries,
that the latter offered even larger quantities than they were able to sell, but that
many limited their buying because these commitments would carry them for a
ber of months. Of course, there is more than enough rye in our country to take
of domestic needs, and additional export business would be necessary in order
ring about a close adjustment.

The excellent moisture received in the Southwest has enabled
planting to progress rapidly but in parts of Kansas, fields are too wet to permit
currently although when the crop is planted, it should be off to a good start.
point that might be mentioned in regard to the 1962 wheat acreage program is
contrary to the feed grain program, wheat farmers who comply will be per-
ed the loan on their entire acreage regardless of yields; consequently, attempts
ainly will be made to produce the maximum amounts on the acreage planted.

Primary receipts of wheat were light at 1 1/2 million bu, about
same as last week and a year ago. Nevertheless there is a good deal of this
al in the vicinity of Chicago, some of which might be shipped to local elevators.
this reason we can visualize carrying charges widening, and probably the weak-
in the market can be attributed to that plus the smaller commercial demand
entarily.

Beans were above last night's close all day while corn declined
prices for this grain made new lows with the forecast for freezing temperatures
e southern and western sections of the corn belt tonight. By now most of the
corn crop is reported mature and safe from frost. This is pretty much true
linois and Nebraska. Rye lost much of yesterday's gains, and it will take
ier export business to revive interest in this market.

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DAILY MARKET LETTER

MEMBERS:
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CHICAGO, 4

MEMBERS:
CHICAGO BOARD OF TRADE
ALL PRINCIPAL COMMODITY
EXCHANGES

September 28, 1961

The U. S. Department of Agriculture has taken one of the most
ical steps in evaluating the quality of wheat that we can remember. For over
r decades wheat has been judged and sold according to protein values, and while
ever was an absolute indication of the baking quality of bread, it served as a
st useful index to buyers in making a choice of the type of flour that was needed
btaining the desired results. All of a sudden an announcement came from
shington that sedimentation test values would be substituted in the price support
gram for 1962 wheat, supplanting the protein premium scale. The Southwestern
ler in its last publication has written a learned discussion, noting the widely
ced misgivings by all segments of the grain and milling trade over the change
t will henceforth be utilized. In our opinion it is almost as drastic as though
e Insurance Companies discarded blood pressure tests by supplanting a test for
lesterol as an absolute gage in determining the fatty substance affecting nerve
ue. The difficulty in taking these cholesterol tests, according to one heart
cialist with whom we talked is that there are great variations depending on the
e of day when the blood sample is taken and there might be a wide variation be-
en a morning and afternoon reading. The same seems to be true of sedimenta-
ı, which is one reason that the American Association of Cereal Chemists wrote
he Secretary of Agriculture opposing results as being too erratic because tests
e no information whatever as to the bread-baking quality of wheat.

The Kansas Wheat Improvement Association, which for more than a
eration has been striving to find better strains to improve quality, issued a
tement declaring that the lack of correlation between sedimentation value and
e gluten quality in terms of commercial baking usage does not permit the pur-
se of wheat based on sedimentation values. We have no idea what effect the
program will have on price range, but one of the largest millers with whom we
cussed the issue found fault with the system that mixing two samples that had
ying degrees of sedimentation would not necessarily result in an average test
the mixture. In other words, it is quite different from mixing a quantity of 12%
tein wheat with an equal quantity of 14% protein wheat where the end result
ld be a 13% sample. This has made it easy for millers to handle and grind. On
other hand by revolutionizing the entire wheat market structure in spite of
osition from experienced handlers, we fear that the grain trade is in for a period
lifficulties, and that subsequently, producers, merchandizers, and those engaged
torage, as well as flour millers, now face imponderables that were not too
l considered when this important change was undertaken.

Primary receipts of wheat were just less than 1 1/2 million bu
ch was a shade smaller than both last week and last year. Kansas City and
nneapolis stocks so far this week show a net decline of 139,000 bu.

Markets were very dull today. Corn futures, which were only frac-
ally lower, went into new low ground for the season, and oats were also weaker
h prices not far above the lows of the crop year. Feed grains continue to be in
same relative position, namely affected by government selling even at a time
en farmers' sales are comparatively small. They had some low temperatures
owa with one reading as low as 31 degrees. In Minnesota, however, the
rmometer had dropped even lower with Minneapolis reporting 27 this morning,
a good percentage of the corn is far enough advanced so that if there is any
m done by cold weather, it may affect quantity rather than quality. Overseas
ur sales were a shade better, but business was far from active, and there seems
be some reason to suspect that the U.A.R. may be in the market for a tremen-
s quantity of flour for October shipment. This, however, will depend on authori-
ions. There were reports from New York today that 3 cargoes of red wheat had
n sold to that country from here. Rye, which had been so strong earlier in the
ek, was little changed. There were some inquiries for Canadian rye from
rmany, but from what we gather most of the big business has been put through
l there may not be any concerted effort to do much more until some time next
ing. Country selling of beans was on a heavier scale and there was a good
siness overnight both to downstate processors and handlers, as well as to
icago with quick shipment indicated.

Broomhall's Foreign Crop Summary told of warmth and sunshine
ich had facilitated harvesting of grains in Europe, and it also spurred field-
rk which helped plowing for winter crops.

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CHICAGO MERCANTILE EX

CHICAGO, 4

September 29, 1961

We are now approaching the height of the fall harvesting season, and
good weather most of the soybean crop will be combined in the next two weeks
hortly thereafter corn picking will expand. Consequently, it is important to
npt to analyze the conditions pertinent to both commodities and the effect of the
ment on prices during the next few weeks. Regarding beans which are reach-
naturity, prices have declined in anticipation of a record harvest. Perhaps
s on basis of early reports will be less than the government had indicated.
rtheless, there will be a surplus quantity available even with an outlook for
er export and crushing consumption so that a fair sized reserve will be carried
next October. This country's main competitor in the world market is China,
hey have suffered from a series of crop failures. In our country, processors,
rters and terminal elevators have a great capacity of bin space, and farmers
indicated a desire to hold their beans and have built farm storage in order to
advantage eventually of the higher loan. Part of the government policy includes
mula which enables them to sell beans upon takeover next summer at a price
2¢ above the country loan, but it will be a long time before they will have access
y beans, thus eliminating them as a near-term competitor. Evidently the
rtment of Agriculture intends to push the foreign sale of soybean oil which, of
se, will mean that more of the raw product will be crushed on a heavy scale,
ne of the consequences could be a surplus meal condition during much of the
on. According to the USDA soybean prices this fall are expected to average
the national support rate of $2.30 so that declines during harvest might not be
evere, and the market could respond rather steadily toward the end of the year.

The outlook for corn is possibly not as optimistic, especially if the
selling policy as announced remains in force. The result is and might continue
very depressing marketwise with little more than technical rallies for the time
. It should be pointed out, however, that there is some hope based on fore-
for feed grain usage during the 1961-62 feed year in excess of the 137 million
produced.

Overnight news included reports of disappointing country sales of
though the forecast is clear so it remains to be seen if there will be any change
the weekend. Factory and warehouse month-end stocks of soybean oil in Aug-
ere little changed from the previous month, but substantially higher than 12
ns earlier. Cottonseed oil supplies were somewhat less than the month earlier.
od deal of soft wheat business currently is being done with increased purchase
rizations for red wheat under P. L. 480 proving helpful. Thefree dollar
nd also has increased for this type of wheat while less interest is being dis-
d on part of exporters for hard wheat. Since the start of the season total clear-
of wheat and flour amounted to 154 million bu, well ahead of a year ago. With
eek remaining in the corn season 268 million bu of that cereal has cleared
is 202million during the previous year. Rye workings have been small, but, of
e, the business to Germany helped but no new business is pending. Overnight
parcels of beans were sold to the Continent, but this business will pick up as
rters accumulate larger stocks. A few foreign sales of corn have been made
st few days.

Markets were very quiet all morning with price changes too insigni-
t. One exception possibly was rye which was lower, and there is no indication
rther export business other than what had been done earlier in the week with
nany. A few small parcels might be shipped from the Gulf, but the quantities
ved are not expected to be especially large. Wheat was dull and Chicago stocks
lay probably won't show very great change, and they are sufficient to indicate
ossibility of further widening of carrying charges despite the export business
d wheat. Corn was unable to rally, and oats, which were strong early in the
ion, lost most of their gain, and it is significant that a large supply of this
is being accumulated in Chicago. Some hedging did occur in beans, but the
volume of trade was light, and we must wait until Monday to see whether hedg-
olume increases. Canadian oats also have declined recently, and there could
rther weakness during later months in that market although possibly after the
nt liquidation better selling opportunities might become available.

When the wheat visible is posted Monday, it will compare with a
ease of 5,602,000 last year.

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CHICAGO MERCANTILE EX

CHICAGO, 4 October 2, 1961

After the close of the market on Friday the Dominion Bureau of
stics at Ottawa forecast Canadian crops on basis of the September condition.
e were no surprises and most changes were rather nominal. The wheat crop
ncreased by about 8 million bu but is still far below last season's harvest, and
ise it is way below the ten-year average. A little more barley was shown in
eport and just a little less rye, but the crops of barley and oats are still very
l in comparison with other years, and apparently this poses the greatest prob-
o Canadians because the reserves are seldom large as in the case of wheat.

Here at home the trade is awaiting the first USDA report on acreage
tion sign-ups for the 1962 wheat program, and it will be issued about the mid-
f the month, but it is not likely to be a very illuminating statement for the rea-
hat there will be a two-week lag in the reports from farmers and they will not
legraphed to Washington as was the case with the feed grain program last spring.
over, many farmers like to sign up for more acres above the mandatory 10%
otments than they intend to retire, knowing that at some later date they can
up enough land to get down to their real intentions before compliance time.
lly compliance is only checked about a month before harvest, which means
producers have until next May or June to get themselves in shape. Moreover by
this they could retire the poorest acreage and leave the better fields stand.
dvance payments made by the government at the time that the sign-ups are
nplished will have to be repaid, according to final conditions, with interest at
In other words, there is going to be more than the usual amount of guesswork
we receive the first estimate on next summer's winter wheat crop to be issued
n December. One thing seems almost certain, however, that there will not be
ame commensurate reduction in yield to accompany the amount of land taken out
ltivation.

After the close of the market Friday, we also had the monthly parity
e with wheat at $2.38 per bu. This was an unchanged price from the month
er but 2¢ higher than a year ago. Soybeans at $2.89 show the same level as in
st and 1¢ lower than a year ago. All this had very little influence on the market.
peratures over the week-end were cool over many parts of the belt. Where
had not matured there is some likelihood of damage to quality but yet this corn
e fed to livestock, and, therefore, it was not regarded as much of a market
r. The government continues to sell corn on a heavy scale and we were told
morning that corn would be sold even at elevators where it was being stored by
at 2 1/2¢ over December. We understand that they are selling corn to the
of us. This is not very encouraging to longs.

The Buffalo elevator strike was settled although we are told that one
flour mills is still out. An export house sold wheat futures early in the session.
together with scattered commission house liquidation ran the market into stop-
orders.

According to Broomhall, light rains fell over most sections of
ntina last week with only some of the northern areas being skipped. If fairly
ar rainfall falls that country should realize fair to good yields of both wheat
ther grains. The Australian wheat crop has a promising outlook and another
ield appears to be in the making. However, the carryover reserves should be
ly reduced. Some new crop export sales are already being made by that country,
ding 3 cargoes to the U. K.

Chicago stocks of wheat showed a small increase and actually the
visible went down a very trifling amount. Total stocks in all positions now are
tly larger than last year. The corn visible decreased nearly 3 million bu and
ean visible increased by 191,000 bu, but total stocks are still 5.6 million
ler than last year.

Wheat was weak and, as aforementioned, stop-loss selling was the
factor. Corn made new lows while oats did the same for the deferred months.
feed grain situation is naturally influenced by governmental policies. Beans
a little higher early, but failed to hold their advance. Flour business was
slow and at Kansas City there was pretty consistent selling by cash and
nission houses. Export business was quiet. A few parcels of soybeans were
to the Continent but elsewhere hardly any sales were reported. The Chicago
-hog ratio is 16.4 versus 15.7 last year.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX

CHICAGO, 4 October 3, 1961

After twelve years of Communist regime in Red China, conditions portedly seem to be worse than ever. Of all the failures in that country none is ore prominent than their food shortage. The Peiping government has tried to ame everything on weather and the people were told that mysterious winds scourged 0 million acres or one-third of the cultivated land in 1959, and 148 million acres one-half was damaged in 1960. Admittedly this year has been bad also, brought out supposedly by floods, drought, hailstorms and contamination by disease for the rd straight year. This is only one side of their problem and in addition the inese have had 15 million new mouths to feed each year or 45 million during this ree-year period.

In 1958 food production reached a peak and rice, corn, cotton and bacco improvements were recognizable at that time, so that Peiping authorities re confident enough to adopt a commune system of farming, and at the same time rn their attentions to heavy industrial output. The result has been disastrous so at today food there is scarce and rationed, and living costs have risen. When ailable the monthly allotment of food is 31 lbs per person, including only 7 ounces meat, one pound of sugar, while milk is given only to children under two years age at a cost of 67¢ per quart. Recently China purchased 4 to 5 million tons of reign grain on its very scarce credit, but the internal transportation is so inade-ate that the possibility of a famine is very real. If their spring crops are bad ain, catastrophe could occur, while Russia has been of no help in furnishing food their so-called satellite, and as a matter of fact, in 1959 China shipped rice to USSR in return for machinery. On the other hand, Russia this year will harvest cellent crops, but that country most likely will use any surplus strategically in rld markets.

It is difficult to predict the trend of the soybean market for the near rm as the heaviest volume of harvesting is about to begin. Less than one-third of crop has been combined in Illinois and now weather is favorable for full scale erations while in Iowa field work is just getting underway, so that the major portion the movement will occur during the next week to ten days weather permitting. ce again we might mention that farmers certainly will hold where space is avail-le in order to take advantage of the higher loan. However, storage is limited and rplus marketings will have their effect. On the other hand, a number of areas port first yields compare unfavorably with a year ago due inlarge part to the emendous moisture received during the month of September. Whether this trend ll continue is debatable, but a number of towns in Illinois, Indiana and as far south Memphis, Tennessee indicate per acre returns around 5 bushels below those of 60.

Yesterday's reported inspections of soybeans for the week ended ptember 29th totaled 731,000 bu, more than double a week ago, but well under the million shipped during the same week in 1960. Consequently, exports of this com-odity for the entire season were almost 10 million bu less than a year ago and as ly one day plus revisions can change this figure, we can pretty nearly count this 0 million bu as a final crop year figure.

Wheat has been fairly well liquidated and after early weakness it re-vered, but terminal arrivals in the Southwest were the largest in some weeks in-cating an increase in country elevator selling which probably is for the purpose of aking room for milo and soybeans. Firsthand offerings are not particularly larger. the same time Turkey received offers on 110,000 tons of red wheat so there ight be some buying against this. A little foreign business was done in corn.

During the week free stocks of wheat increased 105,000 bu to 15.9 illion, of which more than 10 million is in a deliverable position. A portion of the maining amount is owned by the mills. Free corn decreased almost 1 1/2 million leaving 5 3/4 million. A good deal of CCC corn is being purchased by elevator erators in various places in order to make room for the new beans and corn. ne latter grain declined to new crop lows, but recovered sharply when strength curred in other pits. Beans in particular were higher due to light country offer-gs and reports of smaller yields. Rye was firm but mostly for technical reasons a good deal of short covering occurred. Winnipeg was strong.

UHLMANN & CO., INC.

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 4, 1961

When we look at a map of the world, it becomes clear at a glance hat despite vast distances between countries or Continents there is virtually no ation that is safe from the exploitation of bombs if a general war ever broke out. here are some other factors not quite so clearly discernible but which are also of ital interest to everyone. Foremost is the fact that 71% of the earth's surface is overed by water, and yet in many countries water is no longer, if it ever was, ypically a free good. So much of the water from the oceans could not until recently e cleared of its saline qualities that ground water was found to be an exhaustible esource in many areas, although means of replenishing these depleted supplies are eginning to come into use. This is not hard to understand when we say that for all urposes we require 1,300 gallons each day in this country for every man, woman nd child. Total withdrawal of water in the U. S. for all uses is estimated to have oubled every 25 years since 1900, and it is thought that the total water supply will eed to be doubled again in the 1940-75 period. To produce a bushel of corn requires bout 10,000 gallons of water, a bushel of oats 7,000, a ton of cured alfalfa hay bout 200,000 gallons. Then there is also the tremendous commercial usage, and, or example, a larger paper mill requires 50 million gallons of water per day, more han enough to supply the day's personal needs for a city of half a million.

We cannot note it from the map but the fact is that one-third of the arth's land surface is in forest, and this is true despite the tremendous deforesta-ion which became necessary for the clearing of agricultural lands and the need for imber to take care of our building. Nevertheless, the comparatively small land rea that is not covered by rivers, lakes, and mountains would probably be sufficient o provide for the food and fiber of the world's people if the distribution were at all quitable. It is a paradox, however, that with 2 out of 3 people on the face of the arth going to bed hungry every night, we in this country have had to resort to dras-ic acreage reductions, paying farmers to fallow their land and to plant less corn and ess wheat in order to reduce the accumulated surpluses.

As of June 30th, CCC had in use $12.1 billion of its $14.5 billion orrowing authority. Actual borrowings from the Treasury amounted to $11 1/2 bil-ion, while obligations to purchase loans financed by private lending agencies amount-d to $605 million. This left a statutory borrowing authority available of $2.3 billion. While the Commodity Credit Corporation has been in business for about 25 years, it as the same capital funds with which it started: namely, $100 million. However, when this agency begins to run out of money either its notes are cancelled or its orrowing authority is extended. Through steady growth CCC is today the second argest corporation in the world, exceeded only by the Federal Reserve Bank of New ork.

Markets opened on a rather firm note but weakened almost immed-ately after the Galvin report was issued. His indicated bean production was for 726 million bu, which was more than the last government figure, and the Des Moines morning paper told of Iowa bean harvest just starting and excellent yields being re-orted. The figure on corn was a little lower than the government but yet the crop of early 3 1/2 billion bu is very large on the acreage, owing to the fact that the yield er acre is estimated at a record high of nearly 60 bu for the nation compared with ten-year average of only 44.1. Some slight damage occurred from frost the past week in northern and northwestern portions of the corn belt but apparently there was nly a small percentage in the main producing areas that would now be damaged by freeze. Quality of the crop is reported as generally good.

Statistical news was of little importance. Prices for soybean oil were higher on an announcement that the Agriculture Department had asked for offers o supply 200 million pounds of vegetable oil shortening and salad oil for distribution broad. This had very little, if any, effect on beans even though country selling was extremely moderate. There were some early sales but later the market dried p even when the buyers advanced their bids to 7 1/2 under TCS Illinois. Accord-ng to the Iowa crop bulletin, by Monday evening virtually all the corn in that state was mature and safe from frost. In Minnesota the corn crop was so close to maturi-y that very little of it suffered from the damage of freezing temperatures. Wheat was barely steady. Turkey bought 2.6 million red wheat and is inquiring for more. Corn reacted after yesterday's short covering, and rye prices were lower with some selling prompted by a report that Germany had sold a cargo to Portugal.

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[illegible]

[illegible] October 4, 1961

When we look at a map of the world, it becomes clear at a glance [illegible] vast distances between countries or continents there is virtually no [illegible] is only from the completion of [illegible] ever been [illegible]. [illegible] facts not quite so clearly [illegible] which are not of interest to everyone. Foremost is the fact that 71% of the earth's surface is [illegible] by water, and yet in many countries water is [illegible]. If it ever was, [illegible] a free good. [illegible] of the water from the oceans [illegible] until recently [illegible] of its saline qualities that ground water was found to be an exhaustible [illegible] in many areas, although means of replenishing these depleted supplies are [illegible] to come into use. This is not hard to understand when we say that for all [illegible] we require 1,500 gallons each day in this country for every man, woman [illegible]. Total withdrawal of water in the U. S. for all uses is estimated to have [illegible] every 25 years since 1900, and it is thought that the total water supply will [illegible] be doubled again in the 1960-75 period. To produce a bushel of corn requires 19,000 gallons of water, a bushel of oats 7,000, a ton of [illegible] 250,000 gallons. Then there is also the tremendous [illegible] a large paper mill requires 50 million gallons of water per day, more [illegible] to supply the day's [illegible] needs for a city of [illegible].

[illegible] we cannot see it from [illegible] but the fact is that [illegible] land surface is in [illegible], and this [illegible] becomes necessary for the [illegible] to take care of [illegible]. Nevertheless, [illegible] it is not covered by rivers, [illegible] and mountains [illegible] is sufficient [illegible] for the food and fiber [illegible] people [illegible] at all [illegible]. It is a paradox, however, that with 2 out of 3 [illegible] of the [illegible] to find hunger every night, we in this country [illegible] to follow [illegible] to plant less corn and [illegible] surpluses.

[illegible]

[illegible]

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CHICAGO, 4 October 5, 1961

Now for the first time in history more than 33% of the world's pulation is free from the fear of hunger. That area includes Canada and the U.S., well as much of eastern and western Europe, and Japan. In more than 70 less-veloped countries in tropical and semi-tropical southern climes, the age-old ruggle against malnutrition continues. In parts of Latin America, Africa and west ia, the Far East, and Communist Asia, people actually may not be hungry but ets are not sufficiently well balanced to sustain bodies in order to lead vigorous es. Throughout the world the amount of food production annually is sufficient to eet the needs of mankind, but distribution offers the real problem. In this country find it difficult to justify the food give-away programs of our government where e recipient nations align themselves politically against us. On the other hand, so en it is merely the well fed heads of state who accept our handouts for their hun-y and grateful subjects, and the latter worry little about world conditions, but stead think of little more than of how they will obtain their next meal. The major awbacks toward improving food shortages can be placed in three categories, the st of which very definitely is the low income position, while secondly in most of e underdeveloped parts of the world the rate of population is high for the amount land available. Thirdly, poor growing conditions still are a major handicap in any of these underdeveloped nations because they lack the chemical fertilizers cessary to enhance yields.

Mainland China which certainly, according to past accounts, has ffered as much as any of the aforementioned countries, has purchased 250,000 s of wheat from Australia bringing the total for that country for the year to 2 llion tons. At the same time there is some question as to whether crop output in ssia is as good as some of the earlier accounts indicated, and at least in the rgin lands, which have been a pet project of Premier Khrushchev, crop failures ve been disclosed. Nevertheless the larger producing areas of the Ukraine re-rtedly have better returns.

Weather remains good for bean combining and hedging pressure s evident in our market this morning, while reports from central Illinois suggest t the peak of the movement might be over this weekend. Iowa is behind; never-eless, it will be interesting to see how many beans are marketed and how good the mand for them is, and we are of the opinion that purchases made during the height the movement probably next week will prove profitable over the long term. Next esday afternoon the government will issue a report based on conditions October , and chances are that there will not be a great change from the 720 million bu recast one month earlier. Nevertheless, with prices well below the loan producers ll seek cover for their crop in order to impound this commodity, and the normal asonal price recovery should follow the harvesting period.

The wheat export outlook remains favorable with record clear-ces being maintained including sales of red wheat comparable to a year ago, and ce the start of the season overall they total 168 million versus 131 by that date t year which proved to be a banner export season. Shipments of corn for the crop ar just ended are reported by Broomhall at 275 million bu vs 208 a year ago, ile foreign oat sales are about half of those during the previous season, and rye still running behind last year's pace.

Markets were generally weak all morning with a fair volume rly but as soon as the World Series started, trade seemed to come to a standstill. good many soybeans appeared to have been hedged while corn, which had rallied rlier in the week, declined again to its old crop low, and at the same time further quidation occurred in wheat. There seems to be discouragement in rye and stop-ss selling orders were set off as the market declined, and Winnipeg also was wer so all in all there was very little incentive for bulls during the session.

The corn-hog ratio has been fairly well maintained as the price corn has declined, and now the Agriculture Department estimates that a 7% rger pig crop will be produced this spring so that hog prices are expected to drop arply later on. However, no price collapse similar to that which occurred in e fall of 1959 is thought likely.

In Kansas, warm, dry weather is needed to permit termination fall planting while some areas in Oklahoma actually are short of moisture. Sub-oil in both states appears adequate.

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CHICAGO, 4 October 6, 1961

It is probably a common fault that even in free countries, people fail to see the blessings of liberty when they have them. Too often they concentrate their thoughts and their talk upon what seem to be the shortcomings of the society of liberty. Our country was founded in time of difficulty and danger, and going back to the daysof the Mayflower and the landing at Plymouth, we recall that the first winter half of the company which arrived died of hunger and hardship. Our country grew up in difficult and dangerous times but somehow or other thrived on them. This was due to the fact that our American ancestors acted in the belief that to meet life's challenge it meant to encounter difficulty and danger and on the whole they did not shrink from doing so. It was almost the eighth wonder of the world that in a remarkably short time they built a land of plenty on an unused Continent. But far more important and worthy, they built a land of individual liberty. They could take part in political activity without anyone's permission. They could plant what they chose in their fields without the approval of a government agent. They allowed government to take from their pockets by way of taxes only a small portion of their earnings. They founded such schools, colleges, and churches as they thought they needed. They insisted on freedom of religion and established complete separation of church and state for the first time in human history. These were all things far different from the conditions which prevailed in the European countries that our ancestors had left behind them. We should take heed from the lessons of the past and resolve that governmental action which protects us in the exercise of our liberty is good. However, governmental action, which goes beyond the protection of our equal liberty and which plans and directs our lives for us, is evil.

Before our market opened this morning, we heard that overnight selling of soybeans by the country was heavy and as a result we had hedging in the market at the tap of the bell. The USDA has calculated that soybean meal domestic disappearance in August was 705,000 tons or nearly 39,000 under 1960. However, from October through August, the total was 8,244,000 tons, which was an increase of 358,500 over the same period a year earlier. Exports, however, during the same period were 53,200 tons less. From an official Canadian report we learned that the Canadian wheat exports during the month of August continued the relatively strong pace which had marked the closing half of the 1960-61 season and totaled 35.6 million bu in the form of grain. This represented the heaviest since 1945 and was nearly 12 million bu higher than thesame amount of clearances for August 1960. It is interesting to note that the principal market was Communist China at over 8 million bu, which surpassed the exports to the U.K., which were only 6.7 million bu. Japan took 5 1/2 million and West Germany 3.2 million. It is difficult to find out whether Chinese credit will long be good but certainly the balance of payments must be poor owing to the fact that Red China does not have much to ship by way of reciprocal trade. According to a Canadian source, the Wheat Board in that country is not furnishing any permits for the importation of American oats for the present, and according to the present outlook it does not look as though any would be issued for the immediate future.

Primary receipts of wheat were 1 1/2 million bu which was a little more than both last week and last year. Minneapolis stocks so far this week show an increase of 200,000 bu. When the visible supply is posted on Monday it will compare with a decrease last season of 3.3 million bu.

Wheat was a little easier at the start but there was not the liquidation that we had earlier in the week, and there was some commission house buying. We had moderate rallies in the market. There were some parcels of soybeans sold to the Continent and also to Japan, while some parcels of corn were sold to the Continent. Colombia bought a cargo of hard wheat via the Gulf while Israel bought 2 cargoes of milo at the Gulf for October shipment. The heavier country selling of soybeans resulted in downstate bids being dropped by at least another cent which is a decline of 2¢ in the last few days. This had an effect on the market with hedging pressure very evident at times. Corn and oats made new lows for the season, and there were some new lows established for soybeans. Exporters said that it would take about a 10¢ subsidy to export oats to European destinations. This contrasts with 15¢ when the market was higher. We shall probably have an increase of 1/2 million bu in the Chicago wheat stock on Monday. Beans probably will not vary a great deal from the previous week, but may decrease.

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CHICAGO, 4 October 9, 1961

Weather was beautiful over the week-end except for Wyoming, and some of the western districts where heavy snowfall was reported. However, in the corn and bean areas, combining of beans made rapid progress, and in the vicinity of Bloomington from 80 to 90% of the work was accomplished, although north of that point less headway was being made. However, around Gilman four-fifths of the beans were combined in that area. It seems that everywhere very small quantities are being sold, some people guessing that 10 to 15% was offered for sale, the rest going into storage. It was the same story in the southern part of the state, with practically all the beans out of the fields around Springfield, and 90% of the work was completed; possibly the rest will be finished by the end of the week unless it rains.

There were 472 cars of beans here in Chicago this morning, and a good many people had looked for continued hedging pressure, as was the case on Friday, but this proved to be in error and selling in the pit was almost nonexistent. Of course, the change in the government program may have had something to do with the general psychology, although the action taken by CCC was strictly in corn, and we know of at least one place in Illinois where they were asking 12¢ under the local loan, which would make the price 10¢ higher than sales that were made in the spot market last Friday. At the same time Commodity was apparently ordering a lot of corn from elevators, and in one case we heard of some corn being ordered from an Illinois point to Chicago on a certain type of billing. Apparently a good many traders had been short corn futures on the likelihood that the government selling policy would continue. As a result, there was a tremendous amount of short-covering in the market this morning, and during the first 15 or 20 minutes of the session, December corn futures advanced as much as 5¢ per bu with the more deferred months up almost in the same proportion. The market was extremely broad and trading was very active, although much of it at considerably higher prices than last week. What can happen from here on remains to be seen, but in any case the technical position of the market has definitely been weakened by the heavy purchases which have taken place, and there is bound to be some pressure although as in beans producers are bound to hold, particularly with a much higher loan this year than last.

The USDA calculates that on October 1st, there was 2,209 million bu wheat remaining for milling, export, or carryover vs 2,288 million a year ago. This is after deducting the full year's feed, seed and industrial uses. Flour sales over the week-end were small but offerings were being submitted on 20,000 tons to Ceylon. Colombia today is expected to receive authorization for 5 cargoes of hard winter wheat for the balance of the crop year, and an agreement with Pakistain is being concluded, probably for a very sizeable quantity. Offers had also been submitted to India on 100,000 tons No. 2 hard wheat via the Gulf, and for the same quantity of western white or soft white. Some acceptances were received today. Thus with the pace of export business so big, we feel that the wheat market will gradually do better. This morning's buying in wheat may have been in sympathy with the sharp advances in corn, but we have felt right along that wheat could hold its own although we are not making any guesses as to what price could be reached. Naturally, the smaller yields in Canada will also be helpful as that country will have a smaller carryover next August than has been the case in many years.

When the Chicago stocks were posted wheat showed an increase of 118,000 bu with about 16 million bu in this market. In addition to about 1/4 million bu of red and hard wheat that was unloaded into various elevators the past several days, there is another boat with 1/4 million bu of white wheat which is not unloading. Corn showed a decrease of 271,000 bu. Rye was about a standoff. Stocks of soybeans increased 379,000 buto a total of 1.6 million. Markets were rather active today, particularly corn and oats. It seems that there have been some oats worked for shipment out of Chicago by rail, and loading will take place over a period of several months. We understand prices are below a delivery basis and that some warehouse receipts changed hands at a full carrying charge to December delivery date. About three-quarters of an hour before the close there was an item on the broadtape that the Agriculture Department had denied that there was any change in the basic Commodity Credit Corporation sales policy concerning their corn for certificates. The Department spokesman stated that the corn sales will be continued at market prices, but in any event it looks as though today they were asking prices 10¢ per bu higher than last Friday for elevator corn.

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CHICAGO, 4 October 10, 1961

The government is still the largest single factor in grain mar- ts. For several decades they have been holding prices of various commodities at tificially high levels, which has brought about the largest agricultural accumula- ns that we have ever had. In the past every attempt was made, particularly with spect to basic crops to keep prices relatively high, although more recently with reduction in corn land a new policy was pursued: namely, of punishing noncom- ance farmers and thus trying to prevent them from making the same profits as ose farmers who had gone along with the program. Yesterday's excitement in corn me about by a change in the basic selling policy even though the Commodity Cre- Corporation insisted that there had been no change and that they intended to sell eir corn at market prices. Nevertheless, we know of instances where govern- ent corn was offered at interior points anywhere from 10 to 12¢ higher than last ek.

The effort of government to control prices is not confined to ricultural products alone. Just recently there was a broad assault on the steel lustry without any broad knowledge or evidence that steel prices would be moved ward following the contractual wage increase on October 1st. This has caused ep concern to those who cherish freedom and fairness. The attack on steel as well earlier criticisms of the drug and bread-baking industries focuses the spotlight fairly on the appropriateness of some particular level of prices and profits. attempts to substitute the judgment of non-exports for that of management. The ter possesses all the facts and must be concerned with an individual firm rather an that of industry average. Certainly price stability is one of our foremost goals t so also is growth which requires adequate profits. Profits are the primary ctor that differentiate our economic system from the totalitarian system with which are engaged in a deadly struggle. They provide one of the great essential princi- es of a free society. Should we take extreme measures against price increases, en though it is well intentioned, we are really not very far removed from profit ntrol. When these attacks are made, it should arouse us to take a good clear look profits, their role, and their performance in our economic structure.

Late yesterday, the soybean inspections for export were posted, owing 3.6 million bu for the week, which compared with only 731,000 bu last week, d 2.5 million bu last year. These heavier shipments are, of course, needed in w of the much larger crop, and we believe they will probably continue.

After the close of the market tonight, there will be a govern- ent report indicating October production of soybeans and corn. It will be interest- to know whether the bean figure is reduced from the September forecast, be- use in some localities yields did not show much increase over the previous season. the other hand, our experience has been that the government generally has better cess to matters of this kind and covers larger areas than individual observers. st before the market opened there were the TWX corn listings from Commodity, d if we read them correctly, there were sales of cars on a Chicago basis at about cember price to 3 over, while export sales figured about 3 to 3 1/2 under. We ard the country did not sell many beans along the river or downstate overnight.

The visible supply of wheat decreased 4.6 million bu during the eek while primary receipts today at 1 1/2 million were only slightly larger than st week and less than the 2 million a year ago.

Good rains were received in the Southwest with as much as 3 ches in some spots overnight, and of course this benefits ground conditions for inter wheat. Export business is constantly being done for both wheat and flour, d for that reason our market probably will be firm although the largest percentage this is hard wheat. At the same time local supplies of free wheat increased 56,000 bu during the week so that 16 1/4 million are stored locally, and conse- uently carrying charges should prevail at least until such time as inroads can be ade. Free corn supplies decreased 188,000 leaving 5.6 million, but it is fully xpected that increases of both this grain and soybeans will result from the harvest ovement.

Early strength in corn failed to hold fully as CCC apparently is elling bin-site and track corn. Beans were very firm on the expectation that this ternoon's government crop report might possibly show a small reduction. Country elling also has been very light considering that much of the crop has now been ombined.

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CHICAGO, 4 October 11, 1961

Yesterday afternoon the government issued a crop report based n conditions as of October 1st, and there were no great surprises although the ushel figure on beans was 10 million bu less than the previous report. This pro- ably was anticipated as some country reports had talked of bean fields yielding less ian preliminary estimates, and in the previous two sessions Chicago futures had een rather firm. The official projection of 710 million bu still is a bumper return, nd the yield per acre of 26.2 bu compares with 23.6 harvested in 1960, and the)-year average of 21.4. Probably the most important feature to the market will e the amount of firsthand selling, and considering the fact that the largest percent- ge of the crop has now been combined, pressure has been light. A good deal of torage space has been built during the past few years to accommodate not only rger bean crops, but corn space has been increased, and in some cases this is eing used to store some of this year's soybean output. As a result free market rices of more than 15¢ below the loan are not sufficient incentive to result in roducer selling of consequence, and it may be that values will have to increase in rder for commercial and export needs to be adequately taken care of.

The corn estimate of 3 1/2 billion bu was practically the same as ne month earlier, but interestingly enough this year's crop will be only about 364 illion bu less than the 1960 final return despite the fact that all sorts of induce- ents were given farmers to idle corn acreage. It is easy to see what has appened when we point out that the indicated yield October 1st is 60.5 bu per acre ersus 54.5 last year, and the 10-year average of 44.1.

Other statistics were of less importance as practically no change ccurred for spring wheat which is still forecast at 153 million bu, and the total heat output for 1961 is 1,211 million bu. Flaxseed was increased 1/2 million bu 21.4 million while 478 million bu of sorghum will be harvested this year, about s had been expected.

A few more southwestern points mentioned rain last night, heavy some areas, and during the past 2 or 3 days good moisture has been received enerally in that part of the country and some of the winter wheat crop has been anted, and, though this might delay further seedings, it certainly puts the ground good condition. Light showers were received in parts of the Midwest which only mporarily delayed gathering of fall crops, but the forecast is for more Indian ummer weather, and this will hasten corn maturity so that picking of the yellow ereal probably will begin on a large scale in another couple of weeks.

According to Broomhall's Foreign Crop Summary, European ountries generally have also received timely rains which will enhance ground onditions for the planting of winter grains. However, the moisture is too late to nprove the corn condition which has suffered. In Australia the outlook for wheat good while moisture is needed in some sections of Argentina to maintain small rain and flaxseed crop prospects.

Statistics were not too important with primary receipts of wheat 1 million bu, the same as last week and only slightly below a year ago. Kansas ity and Minneapolis stocks have increased only 14,000 bu so far this week.

Chicago wheat futures moved higher, and ind uded in export business as the announcement of $2 million worth of U.S. wheat under Food for Peace ithorization issued to El Salvador. Other foreign flour business is pending. Both pain and Turkey are mentioned as possible purchasers of sizable quantities of hard heat so that all in all shipments are being very well maintained. At the same time anada reportedly sold rye to German importers and this helped their market which turn aided Chicago prices, and this has been the first recurrence of export de- and since Germany bought sizable lots from that country, the U.S. and Russia ome weeks back.

There was little new in corn and according to the Illinois state re- ort a little over 5% has been picked with virtually all of the crop matured. There ill undoubtedly be some pressure on our market so even with the CCC curtailment selling, we doubt whether corn prices will get very far on the upside though the ecent government action in regard to corn offerings has caused concern among iorts. Near the close short covering took place in all pits, and beans rallied iarply. Oat strength was based on official figures discussing large farm isappearance.

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[illegible] was 19 [illegible] [illegible]

[illegible] The official estimates of 77 million [illegible]

[illegible] The crop estimate of 2 1/2 billion [illegible]

[illegible] Other statistics [illegible]

[illegible] A few crop [illegible] the past 2 or 3 [illegible] of the country [illegible]

[illegible]

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CHICAGO, 4 October 12, 1961

Acting Secretary of Agriculture, Charles S. Murphy, is very opti- istic over the apparent results of the Feed Grain Program, and in his words: oday's harvest-time crop report has nailed a success sign on the 1961 Feed Grain rogram." We sincerely hope that this gentleman is correct in his assessment at the ultimate savings to the taxpayers will be well over $500 million and possibly much as 1 billion. We have never judged a book simply by reading the first chap- r. It should be recalled that when the Stevenson Rubber Act was put into operation Britain many years ago, the first results indicated success but the piling up of ocks finally caused one of the greatest debacles in history because high prices mulated rubber production, the same as was the case when Brazil valorized ffee, only to turn initial success into failure. The American Farm Board tried to hold wheat and cotton prices artificially and even though a large sum of $500 million s at the government's command, this program also was futile and wheat, which d been selling in Chicago at about $1.28 per bu when the stabilizing efforts started, ded in a price below 40¢ for Chicago futures when the liquidation culminated. We e skeptical of any artificial program because the secondary consequences cannot foreseen when economic forces are thrown out of gear.

As we have pointed out in these letters, the reduction in acreage has t been followed by a commensurate cut in production of corn, and we think that the me will prove to be the case in wheat. It is not the first time that measures of s kind have been taken. We had the Soil Bank and earlier in this century under e Roosevelt Administration every third or fourth row of cotton and wheat had been owed under while small pigs were slaughtered.

Country selling of beans was extremely light downstate, particularly ong the Illinois River and to Chicago. There was a little hesitancy after yester- y's bulge in the market, but with cash meal offering price advanced and nearby erings light, there seemed to be some speculative demand. Winnipeg advised that ey were of the impression that a few German shorts were compelled to cover pre- ous rye sales and their market was again higher this morning. There was also other tender of 10,000 tons and the talk is that some stockpiling is taking place th possibly more purchases by that country to follow.

We are enjoying a wonderful Autumn and the outlook is quite good clear skies and moderate temperatures. More of the states reported this morn- g and conditions generally were optimistic. Recent rains have broadened the small ain pasture prospects in Oklahoma and subsoil moisture is adequate over the entire ite. In Kansas good working conditions during the week permitted drilling of wheat d other small grains to near total completion in most areas. By October 7th, about % of the intended wheat acreage had been planted. Early seedings seemed to have en germinating well and this plant was coming up to good stands. The situation th respect to corn continues to be confusing. We feel in the main that since the vernment will need about $700 million to pay farmers for cutting their acreage me time during the season, they will have to raise a good deal of money to reim- rse themselves. More specifically the first of the binsite sales on corn came ernight, according to a wire from downstate. There is another question involved: mely, preventing the noncompliance farmers from doing too well so that ultimate- we look for rather sizable liquidation of government stocks.

Primary receipts of wheat were 1.6 million bu which was more n both last week and last year. Kansas City and Minneapolis stocks so far this ek show a net increase of 84,000 bu.

Markets were not too active. There was some heavy buying in n by an industry, but we feel that with the fabulous yields we are hearing that en some of the compliance farmers will have to sell their surplus, plus the fact t the government unquestionably still has large amounts we think will be unloaded. ch courage the short side of the market looks perferable to us. Wheat behaved a le better, and there were some flour awards. In addition to which Brazil pur- ased some wheat from here, but it should be noted that they also took some from gentina, their next door neighbor. Domestic flour demand was extremely dull with improvement. Beans finally advanced a little but it may be too early to take a sitive position for a long term holding. We do feel, however, that there will be ving opportunities somewhere along the line. Japan bought7,000 tons of soybeans sterday while the Continent took about 4,000 this morning.

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[illegible]

[illegible] 7, 1961

[illegible] Secretary of [illegible], Murphy, is very [illegible] in his [illegible] the 1961 [illegible] ultimate section to the taxpayers [illegible] over $500 million [illegible] a billion. We have never [illegible] by reading [illegible] should be recalled that when [illegible] was put into [illegible] years ago, [illegible] the greatest [illegible] because [illegible] used rubber [illegible] to turn [illegible] wheat and cotton prices artificially and [illegible] the government's [illegible] selling in [illegible] $1.75 per [illegible] on the [illegible]

[illegible] of any [illegible] the [illegible]

[illegible]

will prove to be the [illegible] have been taken, we [illegible] in this [illegible] very [illegible] and [illegible] under [illegible]

[illegible] Illinois [illegible] Chicago [illegible] in the market, but with [illegible] price advancement

[illegible] the impression that a few [illegible] were compelled to cover [illegible] their market [illegible] this morning. There was [illegible] to [illegible] stock [illegible] to [illegible]

[illegible] conditions [illegible] were [illegible] are [illegible] Kansas [illegible] it [illegible] statement [illegible] will [illegible]

[illegible]

[illegible]

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CHICAGO, 4 October 13, 1961

It is very difficult to get any accurate estimates from Russia with
pect to their agricultural output this year. We have seen a good many conflicting
tements, some to the effect that crops recently gathered turned out very large
undoubtedly this is true in countries like the Ukraine and around the Black Sea
as, but whether Russia will have large quantities for export cannot be foretold
definitely at this time. One thing, however, is certain: namely, that the Soviets
e increased their agricultural output by about one-half since 1953. This may
e been at the expense of other consumer goods which have not risen accordingly.
should, however, anticipate that within the next five years Russia may become a
ch stronger competitor in world markets with some U. S. agricultural products,
ecially wheat. We may also be sure that when these export shipments are made
y will be used in world trade to gain political as well as economic advantages.

Here at home harvesting of beans in some of the northern areas
been delayed again by wet weather. This in itself is not regarded as a serious
tor but there has been a tremendous holding tendency, and we expect that with
ces below the loan, very large impoundings will occur. Recently, with the ad-
ce in values of meal, traders have become a little more optimistic in taking a
lish position. Nationally, soybeans are the fifth most important crop as a source
ncome, and here in the Midwest they are second only to corn. Thus we must
ute this comparatively newcomer to the agricultural field, and hope that artificial
uences will not build up excessive supplies as has been the case with some of our
ic crops which were maintained at levels higher than their merit. This country
done a wonderful job in many fields where supports were not used excessively,
even in the case where the acreage control laws did not apply. Probably the
t examples are hogs, cattle, fruits, and vegetables, and in such cases farmers
e benefited through the developing of markets and at the same time adjusting
ply to demand.

According to the Quaker Oats report corn has been drying rather
wly and practically no harvesting has yet taken place anywhere in the belt or even
he southern states for that matter. Many fields in the corn belt had been opened
make ready for the big job ahead. That authority anticipates even a higher pro-
tion figure when the final reports are given.

Broomhall reported that wheat and flour shipments for the past
ek were 15 3/4 million bu and since July 1st we have cleared nearly 180 million
vs. 142 million a year ago. Corn exports for the week were 6 million bu, and
was the start of our new season. It compared with only 2.3 million the year
lier. Broomhall also spoke of the second official Argentine estimate indicating
ut the same amount of rye sowings as previously mentioned: namely, 6.1 million
es; likewise no change for barley or oats. However, in every instance there is a
ht reduction from the final 1960. We heard this morning of some small parcel
iness of U.S. rye to Germany and our Canadian friends also talked of business
m their country, which has been causing recent firmness in markets. They also
ke of a better interest in Canadianflax overseas the last few days, and while it
become more quiet, there are some indications of further orders.

Primary receipts of wheat were a little smaller at 918,000 bu
ich compared with about 1 1/2 million bu both last week and last year. Kansas
ty and Minneapolis stocks so far this week show a net increase of 167,000 bu.
hen the visible supply of wheat is posted on Monday it will compare with a shrink-
e last year of 3.4 million bu.

Trade was not particularly heavy. Nearby wheat was weak but a
w selling orders found the market rather poorly supported. There was some sell-
g of December against purchase of the more deferred months. We think there
ll be another increase in the Chicago supply on Monday, but between now and the
ose of navigation we may lose a fair amount of wheat although it will be mostly
rd as there is still no adequate demand for the soft wheat. There was not a
rge trade in oats, but there was selling mostly of a local type, and the market
as thin. Corn was indifferent on weekend evening up. We had the same story as
eretofore, namely extremely light country offerings of beans downstate. The mar-
et advanced and products were higher although in meal strength was almost en-
rely in the October delivery. Flour business was light, but the ASCS will award
ose to 500,000 cwt of domestic relief flour shortly.

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CHICAGO, 4 October 16, 1961

After a week-end of excellent weather and a forecast for more of the me, soybean harvesting is nearing completion. As a matter of fact, the only sub-antial quantities to be combined are in the northern sections of the bean belt and ese should be mostly gathered by the end of the week. Unquestionably a large rcentage of this commodity has been stored as farmers have been advised by the DA to take advantage of the loan where possible. At the same time commercial d export demand reflects the fact that supplies were short at the end of the pre-ous season and a good deal of business was carried over to the new crop year. spections of beans for overseas shipment were heavy during the first week and obably will be big for all of October and November by comparison. As it turned t, last year's unrevised clearances amounted to 130 million bu compared with 9 million for the preceding season, and undoubtedly the reason for the reduction s the early season strength in values, plus the fact that supplies just were not ailable in substantial quantity by the end of the crop year. Currently Japan is one the best customers for U. S. beans, and during their fiscal year which runs from ril, 1961 through March, 1962 , total takings will be approximately 11% above the ar earlier. That country also will need larger amounts of soybean meal to meet sharply increased demand for feed there.

On Friday it was expected that Pakistan would receive a P. L. 480 thorization which, as it happened, did occur and the agreement provides that the S. will sell $622 million worth of agricultural commodities to that country over next four years. Pakistan will pay for various articles in its own currency and ide from $86 1/2 million for transportation costs, the largest portions include eat, feed grains, cotton and tobacco. In addition $127 million worth of cotton-ed or soybean oil can be sent. Authorizations of this type are announced almost ily and during the past week for example, Food for Peace agreements were signed th Tunisia, Indonesia and Turkey for sizeable quantities of U. S. wheat and flour. her commodities are included in various P. L. 480 authorizations, so it is evident at this country is constantly attempting to ship surplus goods overseas. As a atter of fact, we are by far the world's largest exporter of food and fiber, and nerican farm products consisted of 19% of the total world trade in the fiscal year ding June 30, 1961. New record export sales are projected as pressure from cord smashing crops forces the Department of Agriculture to move huge quantities. ring 1960-61 one of every 5.4 acres harvested in the U. S. was utilized for foreign ipment, or in other words, export sales amounted to production from an estimated million acres or more than the combined harvested acreage of Minnesota, Iowa d Missouri.

Hedge-lifting appeared in early wheat trading and farm selling in the uthwest is still almost nil. It appears as though very little wheat is presently thin reach of market prices and farmers are encouraged to hold for the loan. port business is brisk and it is expected that some quantities of hard wheat might taken from the Chicago market between now and the end of the year. However, rge red wheat supplies probably will remain intact even though the July to Septem-r exports are running at the same rate as a year ago. Fall planting is nearing its d in the Southwest and favorable conditions are permitting European farmers to ow and plant winter grains following beneficial rains in many sections. Probably arger acreage will be seeded than a year ago.

Chicago is beginning to accumulate a bean stock as 2.3 million bu were ded to elevator supplies which now total 4 million bu. Small additions in wheat pplies resulted in 16.4 million bu of wheat here including that which is afloat. decrease of almost a million bu of corn leaves a total of 18.1 million bu while oat pplies enlarged by a small amount to 8.6 million. There is only 1,869,000 bu of e and prices of this grain were firm but the best buying was evidently by shorts, l some stop loss orders were executed. We understand that European prices in me instances are below those of the U.S., and some rye was sold from Denmark Poland late last week about $3.50 a ton less than in this country.

Both corn and beans declined due to actual and anticipated harvesting essure, and yield reports from early picked corn fields talk about excellent re-rns. Reports of bean yields vary. The wheat visible declined 6,496,000 bu.

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During a weekend of excellent weather [illegible]

an harvest [illegible] seasonal condition. [illegible] matter of fact [illegible] tities to be [illegible] sections of [illegible] must be mostly [illegible] area. [illegible] of this commodity has been [illegible] to take advantage of the [illegible] where possible. At the [illegible] export demand [illegible] export that supplies [illegible] season and a added deal of business [illegible] of buyers for overseas shipment [illegible] heavy during the [illegible] for all of October and November by now, and [illegible] revised [illegible] 30 million [illegible] million for the preceding [illegible] season for the position early season strength in values, plus the fact that supplies [illegible] in substantial quantity by the end of the crop year. [illegible] best customer for U. S. beans, and during their fiscal year [illegible] 1981 through March, 1982, total will be approximately [illegible] The country also will need large amounts of soybean meal to meet sharply increased demand for feed usage.

On Friday it was expected that Pakistan would [illegible] which, as it happened, did occur [illegible] agreement [illegible] will ship 1.32 [illegible] worth of agricultural commodities [illegible] over four years. Pakistan will [illegible] $86 1/2 million for transportation [illegible] feed grains, cotton and tobacco. In addition [illegible] soybean oil [illegible] meal. [illegible] during the past week [illegible] Turkey [illegible]

[illegible] country is constantly attempting to [illegible] we [illegible] world's [illegible] exporter [illegible] farm products [illegible] consisted of [illegible] June 30, 1981, [illegible] cropping [illegible] to move [illegible] in 1981 [illegible] one of every [illegible] acres [illegible] the U. S. was [illegible], or in other words, export [illegible] production [illegible]

[illegible] sharply [illegible] in early [illegible] is still almost nil. [illegible]

[illegible] business is [illegible] expected [illegible]

[illegible] red wheat [illegible] exports [illegible] the South [illegible] favorable conditions [illegible]

[illegible]

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CHICAGO, 4

October 17, 1961

Net farm income during the first half of 1961 rose to an annual rate of $12.6 billion, or 12% more than the first six months of 1960. Most of this gain occurred during the first three months of that period when a large portion of the record crops were marketed in volume at attractive prices. We recall the bull market in soybeans and seasonal advances in many products normally happen during the winter months. Maintenance of farm income next year will necessarily have to be from acreage retirement payments and increased government loans because total production will be down about 4% with less acreage utilized. Nevertheless, the Feed Grain Program is only partially successful as corn land was reduced 18% from last year, while output might be cut less than 10% and we must not forget that in order to accomplish this a record soybean crop is being harvested which will cost the government large sums. A higher bean loan has been an inducement to produce in surplus quantity, which means that market prices will be low enough by comparison so that a very large percentage of the output necessarily will be impounded as compared to last year when virtually none went into the government loan. At that time the free market absorbed almost 100% of the beans at a higher average level. In other words, we have a new administration supposedly with new programs, but the results are similar enough to be easily recognizable. Large agricultural expenditures supposedly meant to maintain farm income cause over production. These excesses must be disposed of in competitive channels and the price depressing effects force federal agencies to maintain or increase aid to farmers in order to protect their income.

Weekly inspections of soybeans for export at 2 1/2 million bu were about in line with a year ago, but less than the 3.6 million bu shipped during the previous week. USDA projections call for seasonal clearances to be quite a bit larger than the previous crop year and heavy exports were expected early in the season as many sales were delayed due to small year-end reserves prior to Cctober 1st. The weather is excellent for gathering of crops and the forecast is for clear skies so that the remainder of the soybeans and a good deal of the corn undoubtedly will be harvested in the near future. The degree of farm holding will be a factor. The CCC evidently intends to continue selling corn and we have heard that binsite offerings of storable quality corn might be available by the end of this week.

The Canadian Wheat Board has granted producers a supplementary 5 bu quota per seeded acre of rye, which means that firsthand offerings in that country will be heavier. This would not affect the over-all usage of rye necessarily, but it does indicate that an increased demand will be met with available supplies. Our market has been influenced by recent export demand for both Canadian and U. S. rye, but further sales will be necessary in order to maintain present values, and the CCC selling price in our Northwest is competitive, though the government agency has offered practically none of this grain in recent weeks.

Wheat and flour export activity is still rather good with Spain in the market for large quantities of hard wheat, while a number of other countries are interested in smaller amounts.

Primary receipts of wheat totaled 1 1/2 million bu both today and last week, which was a little more than a year ago. Our wheat market declined fractionally and Kansas City also was lower based on comment in The Southwestern Miller indicating that the CCC might use wheat in lieu of cash as payment for foreign and domestic give-away programs. Flour demand is slow and probably will be so for a while as mills previously made commitments in many cases through the end of the year.

Deferred beans lost ground on the nearby as Chicago is building up a stock slowly, but it is too early to tell how much of this commodity will finally be stored locally as cash prices in the country have advanced, and in some areas are closer to the support level. For this reason country offerings, though small, may continue over a period of time. Of the large vegetable oil allocations, only small quantities have been purchased, and early there was some evidence of soybean oil buying this morning against the sale of meal, but later the reverse took place.

Reports of excellent corn yields continue emanating from various country points throughout the corn belt. During the week Chicago free wheat stocks increased 165,000 bu to 16.4 million while free corn supplies decreased locally by almost a million bushels to less than 4.7 million.

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CHICAGO, 4

October 18, 1961

The wheat market has been a little disappointing to holders dur-
g the last few sessions, and this is due primarily to the slow domestic demand,
th many of the bakers having satisfied their needs until year-end or beyond. On
e other hand, clearances keep up at a good rate, and as we have noted often in these
ters, we shall probably have a banner year by way of shipments. To what extent
shall continue our exports in the years ahead is a matter of conjecture unless, of
urse, we make such attractive deals that it would be difficult for buyers to deal
sewhere for their requirements. The development of the European common mar-
t will bring lowering of tariff barriers among the member countries, together with
e imposition of uniform and generally higher tariffs for imports from countries out-
de the common market. Thus the U.S. may find it increasingly difficult to export
ricultural commodities to those areas. We have also pointed out that Russia could
ecome more competitive as time goes on, although it is unwise to count too much
these promises.

The agricultural growth per worker has been widespread in
urope, and in almost every country total output of farm commodities has risen,
ile the number of farm workers has declined. Of course, European farms differ
om those in North America in that they are much smaller, and, for example, in
ermany more than 75% of the farms are 25 acres or less. By the same token, this
rmits individual owners to cultivate more intensively, and in traveling about many
those countries one sees peasants even today on their knees trying to get every
nce of produce from their land. During the past eight years German production in-
eased 14%, while the farm work-force declined 21%, indicating the use of more
achinery and power. The largest growth in productivity has been in Italy with 28%
in in total production and a 14% decline in labor-force. In almost every European
untry, agricultural production has increased faster than population, and
a result there has been great improvement in diet, which in turn has brought a
bstitution of local supplies for imported foods. Probably the greatest problem
ced in many of the countries of the old world is that the small farms which are
pical do not lend themselves too well to modern agricultural technology. However,
Germany they have adopted a comprehensive set of programs in recent years to
al with this problem, emphasizing the consolidation of holdings as well as pro-
ding substantial government subsidies for improving the structure of farms.

Before our market opened this morning, there was not too much
guide it. Overnight weather had been most satisfactory, and quite a few of the
ate reports were of a favorable character. Nearly 10% of the corn crop in Iowa
d been picked by Monday night, although harvesting operations were limited be-
use of the high moisture content. As of the same period, about half the state's
ybean crop had been harvested. In Illinois, according to the weekly crop bulletin
rn is likewise one-tenth picked. Progress has been slow also for the same rea-
n. Soybeans seem to be about 85% combined. There is a belief in some quarters
at Chicago bean stocks may build up slowly and for that reason there has been
me buying of the nearby months against sales of the deferred. July beans are
mewhat of a target on the theory that even if large quantities are impounded, gov-
nment sales later on may bring supplies back to the free market. In other words,
is the same old story with respect to carrying charges, the nearby months may
em to be fairly reasonably priced but yet when adding the storage, insurance, and
terest, the later deliveries seem less attractive pricewise.

Statistics did not count for much. Wheat was weak early, but
llied late in the session as did other cereals. While average flour bookings were
wn to 10 or 15% of capacity, there was some export business reported, Brazil
ving purchased 150,000 tons of U.S. hard wheat. Two lake steamers have loaded
6,000 bu of hard wheat from Chicago, and more is expected to follow for Buffalo
ills. Rye at Winnipeg has advanced about 6¢ in the last few days. New high prices
ere established and this caused short-covering here. Beans also turned strong
d there were some export sales to Italy and to Japan. However, deferred months
ere indifferent. There was some short-covering in corn with some uncertainties
ill surrounding the market. Nobody is entirely sure whether out-of-condition corn
ill count against the certificate pool. However, there was some selling on the ad-
nce. A barge of about 40,000 bu of oats is being unloaded here today; also a
arge of rye with another rye barge expected to be unloaded tomorrow.

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CHICAGO MERCANTILE EX

CHICAGO, 4 October 19, 1961

Quite a bit is being written and discussed about Russia because very imply they offer one major world threat--that of survival. Little is known of their nilitary might because they manage to display a good deal of power for the purpose f attempting to scare other nations into political submission, and unfortunately these nethods have been partially successful. We would agree with the President of 'rance, who has recently emphasized that we should fight back by running tanks ver the barricades they have built in Berlin, and at the same time mount a propaganda offensive of our own. Economically they are not in a class with us and the Jtopia offered twenty years henc by Mr. Khrushchev is but further evidence of the nethods being employed to brainwash the rest of the world. In this case his oration s aimed at raising the hopes of the Russian people themselves, but we might offer few statistics to combat these generalizations which make us think, assuming our apitalistic system survives, that the Russian Utopia is a lot more than twenty years way.

Agriculture in that country is nearly 100 years behind our own free nterprise system insofar as the per-capita production ratio is concerned. While he Communist farm has one tractor for every 485 acres versus one for every 70 in merica, the geography and climatic conditions there are partly to blame for their ag, but even so only 61 lbs of meat per person are available each year compared vith 162 lbs on the average in the U.S. Russia with 48 million farmers and 504 nillion acres under cultivation produces about 40% less in total farm supplies than he U.S., where fewer than 6 million growers till 330 million acres. We are better ed, clothed and housed, our living conditions are much higher, and educationally ve are more diversified as technicians in the USSR devote their energies almost ntirely to scientific achievements,while much of the research in our country is dediated toward better living. The Soviet Union is behind us in almost every field of ndeavor, including transportation, public service, building, industrial output, medcine and health, and even social welfare. All of this is due to the basic difference in hilosophy, and through our own incentive system most forms of enterprise thrive. s a matter of fact, with 90% of the world's bathtubs, we even have the last word n cleanliness which may be the reason for Communist denial of religion as we have eard it said that cleanliness is next to godliness.

Rains were general throughout the corn belt overnight delaying haresting, but the forecast is for clearing skies. A good deal of the buying in beans s speculative on the theory that once large portions of the crop are stored, it will ake higher prices to force offerings, and in many cases farmers will utilize the overnment loan.

Two lake steamers have loaded additional quantities of hard wheat be shipped from Chicago, but demand for red wheat is about normal in order to ılfill milling requirements in this area. Chances are it will be a long time before ubstantial inroads are made into the Chicago supplies. In addition to some hard heat business Germany might take 100,000 tons of U. S. red wheat other smaller ales might be made. At the same time, Yugoslavia, which has been a good cusomer of this country might be denied future allocations of grains due to the stand heir government took at the recent Belgrade Conference.

Our rye market has advanced during the past week because of export orkings, while Canada gained as that country sold even larger quantities. The ıture course of rye is largely dependent on further foreign sales and there is no efinite news to indicate that purchases will be made. Actually the CCC might make ye available in our Northwest.

Markets were firm and buying of beans continues largely by the pubic in the belief that farm holding will make immediate supplies relatively scarce. Perhaps this is true, but we cannot become too bullish on soybeans at this time of he year, and at the same time feel that Chicago elevators probably will accumulate fair stock. There is further confusion over the exact selling policy of corn by CCC, nd perhaps this accounted for some of the strength in that cereal. Rye made new nighs and shorts covered. The government selling in our Northwest is nil. The Canadian market also advanced sharply.

Wheat does very little and statistics were not important. Italy is expected to purchase an additional 1 million tons of U.S. wheat this season of which about half has already been taken. They are also expected to take quantities from Australia, Argentina and the Soviet Union.

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CHICAGO, 4 October 20, 1961

Exports in wheat are proceeding at a phenomenal rate. In many
espects records will be set during the present crop season, and while the govern-
ient does not anticipate total clearances as high as 700 million bu, there is con-
iderable talk in the trade that such a figure may be reached. Last week, for
xample, according to Broomhall's figures, 21 million bu wheat and flour were ex-
orted and the total for the season is slightly over 200 million bu, indicating a 51
illion bu heavier outgo than the year before. If we should ship as much as 700
illion bu for the entire twelve months, it would mean about 57% of the crop would
ove abroad on basis of the spring and winter wheat production of 1.2 billion bu.
ot only is this the largest quantity that has ever left our shores, but no other
ountry has ever achieved such a record. As a matter of fact, few countries in the
orld raise that much wheat in a single year.

It is encouraging, of course, that events are turning out this way.
ur total wheat program was costing about $1 1/2 million a day, or in other words
x money was draining off at the rate of $1,000 per minute. Obviously, this could
ot go on forever. In the world of today, it is fortunate in one respect that our
griculture should be one of our greatest assets. We are in a cold war with Com-
unism and luckily the productivity of our farmers outclasses that of Russian
rmers 4 or 5 to 1. However, there should be a happy medium and it had been
ur view for several years that if prices had been permitted to seek their economic
vel, we could have met the situation long before now if we had simply paid the
rmers a bonus to make up the difference between market values and parity. How-
ver, this administration has chosen a different course, and is attempting to reduce
creage by paying the farmer a subsidy, which in effect should not clear our con-
ciences if there is such great abhorrence for bounty or subsidy payments. Actually
e have subsidized the Post Office, the Merchant Marine, airline carriers, and
any other industries for years. We have been making payments to farmers under
e Soil Bank Program, and during the past season we have reimbursed cornfarm-
rs when land was taken out of cultivation. In other words, we are quibbling over
rms. Most farmers still recognize that price must be permitted to play its tradi-
onal role indirecting production and consumption, and they have learned also that
rice-fixing destroys markets, regiments them in their daily life, andhas tended
pile up surpluses in government warehouses, while at the same time placing
urdens both on farmers and on all other taxpayers.

Corn exports for the week were 3.6 million bu, and since the first
October 6.6 million bu has been shipped, which is slightly more than last year.
here continues to be talk of the possibility of additional sales of rye to Germany
nd maybe also to Sweden. On the other hand, the rye flour business at home is
xtremely quiet. The majority of mills have sufficient bookings to last for 90 to
20 days and occasionally more. The recent price advances have come virtually
noticed by bakers and processors who booked heavily at 60¢ lower levels in August.
ccording to the Quaker Oats report, harvesting of our huge corn crop is advancing
a very slow pace, the reason being that the crop is still too high in moisture for
afe cribbing. Normally at least 45% has been harvested in the main belt by this
me, while this year no more than 15% has been harvested in their opinion. Soy-
eans in the main belt east of the Mississippi River are virtually harvested, or in
ny event, work is 90% completed. However, in Iowa, there have been some delays
nd their crop is 65% harvested, while in Minnesota it is about 75%.

There was not much in the statistical news. Minneapolis showed a
ood increase, but this was mainly due to one of the local elevators up there becom-
g regular. When the visible is posted next Monday, it will compare with a shrink-
ge last year of 1.1 million bu.

Rye was quite strong at times and West Germany bought a cargo of
merican rye. On the other hand, the CCC at Minneapolis sold 280,000 bu and the
lose was lower. Germany also bought some hard and red wheat, about a cargo
ach, and West Germany bought 46,000 tons of corn for November-December ship-
ent. Corn was higher and basically we find that the CCC is not selling as much as
ey did heretofore. In the overnight business Chile bought 33,000 tons of hard
heat at the Gulf, and Algeria purchased 13,000 tons of soft and red via the Atlantic,
hile the UAR took a cargo of soft and white wheat. The wheat market, however,
as not much changed except that the nearby months were quite firm. Beans were
ostly firm, but there was no important feature.

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[illegible]

[illegible] in which [illegible] rate. In many [illegible] white [illegible] to commodity [illegible] 71 million [illegible] the total for the season is slightly over [illegible] heavier [illegible] for the [illegible]

[illegible] that [illegible] wheat [illegible] year.

[illegible] was [illegible] 51 [illegible] per [illegible] In the world [illegible] should be one of [illegible] However, [illegible]

[illegible] this administration was [illegible] a different course, [illegible] which [illegible] have been made.

[illegible] production and [illegible] surpluses in [illegible] both on farmers and [illegible] other [illegible] 2.6 million [illegible] which is slightly [illegible] to [illegible] On the other hand, [illegible]

[illegible] by [illegible] to the [illegible] very slow [illegible] the [illegible]

[illegible] while [illegible] were no [illegible] in the [illegible] belt [illegible] is [illegible] only [illegible]

There [illegible] but this was [illegible] when the [illegible] year of 1.1 million [illegible]

[illegible] was [illegible] Germany [illegible] Germany [illegible]

[illegible]

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX

CHICAGO, 4 October 23, 1961

The most recent fiscal year which ended June 30,1961, includes ederal revenues of $94.4 billion, the highest collection in history, exceeding the revious year by $2.6 billion. Money was taken from individuals, corporations, mployment taxes including old age and disability insurance, etc., estate, gift and xcise levies. Often payments are made two or three times or more on the same ollar earned, which means that every individual's tax percentage is much greater han personal income brackets indicate. When we include state and local payments his, of course, increases considerably. Consequently, without risking injury to ur basic economic system, further large tax increases would not appear wise. Vhile this record intake was recorded by the Treasury Department, the outgo also vill top previous marks and a $3.9 billion deficit was registered during this 12-nonth period, so that the national debt is fast approaching the $300 billion mark nd will be reached if projections for the current fiscal year are borne out. Without oing into the necessity of budget expenditures for defense, etc., there are so many reas where huge savings could and should be made so that we can live within our neans of approximately $95 billion per year, which is more than many countries ave spent during their entire existences. We do not subscribe to the theories advanced by some economists that deficits are desirous for expansion any more than ve would suggest that individual or corporate indebtedness can go unchecked without hose involved finally being forced into bankruptcy.

During the month of September soybean crushings were under 23 nillion bu, so that for the year as a whole 400.7 million bu were converted versus 92.3 million during the previous crop year. This about offset the decline in exports o that final disappearance figures during the season will be very close to the mount of beans used during 1959-60. Forecasts for the current crop year are for ncreases and since production was a good deal larger, these estimates probably vill hold true. With the final gathering of the crop the American Soybean Association ays that reports indicate yields somewhat spotty and not quite up to the extremely osy expectations of last summer, and it is thought that possibly the final USDA stimate will be lower than the October 1st report. Country selling has been light n comparison to the size of the crop.

Through September 230 million bu of wheat were impounded, only 32 million bu increase from the 30-day earlier reporting date and totals under overnment support are small when balanced against the 324 million set aside as of he end of September one year ago. 17.7 million bu have been redeemed. No signs ppear of any shrinkage in export takings with gulf values at practically crop highs or the year, but mill demand has narrowed somewhat, while futures respond poorly n the theory that first-hand offerings may occur in the next tax year. At the same ime, the USDA is considering paying for relief flour in payment-in-kind scrip, edeemable only in CCC wheat for export rather than cash. Mills, of course, would ave to trade or sell these certificates, but the result would be larger free supplies f hard wheat.

Corn harvesting will expand, weather permitting, and there is more omment about binsite corn being offered, some of which worked to Illinois River levators. CCC evidently has not changed materially its selling policy, but is nindful of the fear in the trade that stems from the uncertainty of the volume and iming of government owned corn. According to one Washington reporter, feed grain ales are now all from the certificate pool and out-of-condition grain is credited to his category with advance payments for certificates for corn so far about $270 nillion.

Chicago wheat stocks decreased 762,000 bu during the week leavg 15 1/2 million bu in this market. The decline consisted mainly of hard wheat hipped to mills. Corn supplies also shrunk by the same margin, leaving 17.4 milon bu while a small decrease in oats places elevator stocks at 8.3 million. There still less than 2 million bu here, despite a very small build-up, and prices for is grain hold as the public seems to be bullish on the theory that further export orkings are possible. However, we find no confirmation of this and at the same me rye in Winnipeg has been very strong. Local bean supplies increased 2 1/2 illion to almost 6 1/2 million, but processors and exporters apparently are having ifficulty buying commitments so that futures are well supported. Nearby wheat ained on deferred months. Corn eased with hedging featured.

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CHICAGO, 4

October 24, 1961

It is far too early to assess the effect of our new farm programs on agriculture and while government holdings of feed grains may be cut this year by 150 million bu and wheat inventories may go down by 100 million, these are modest amounts in relation to the total size of the pile-up. Our government is meeting the problem of overproduction by tighter controls on output, cutting acreage through conservation payments to cooperating farmers. In the summer of 1962, wheat acreage will be reduced, and while smaller plantings will undoubtedly occur, there is every reason to believe that the efficiency of farmers will still be encountered.

Just what this additional cost will be is hard to tell at this time, but it is figured that to whittle down the corn acreage as well as that for other feed grains has cost the government about $3/4 billion during the first winter and summer. There can be little doubt that we have yet reached the peak of our efficiency. It should be pointed out that in 1939, when World War II broke out in Europe, American farmers produced 740 million bu of wheat on 52 1/2 million acres; 20 years later on about the same acreage they produced some 50% more wheat. In 1958, on comparable acreage, the wheat crop hit 1 billion, 460 million bu-- nearly double 1939. Agriculture has advanced more in the past 50 years than in all the prior years of man's history. Agriculture and forestry produce about two-thirds of our raw materials. The total investment in the business of agriculture exceeds $208 billion-- almost three-fourths of the market value of all corporation stocks on the New York Stock Exchange, or four-fifths of the value of current assets of all corporations in the U. S. Some of the $208 billion investment in agriculture is owned by urban people who have inherited or bought farm property. We have grown from a nation in which 1 of every 4 workers had to produce food, to a nation in which 1 farmer is efficiently producing food for 24.

Unfortunately many of our farmers have lost far too much of their freedom to plant, to compete, to market, and to make their own decisions. This is why we should in every instance look only to sound farm programs without too much attention to immediate results.

Before our market opened this morning, we had been advised that weekly export shipments of soybeans had risen to 6 1/2 million bu, which was more than twice as great as last year for the same period. Of course, there has been a build-up inthe foreign demand owing to the fact that we had a very small carryover from the last crop, and, consequently, shipments for the past month have been cut down to small proportions. We fully expect that this will be a year of heavy clearances, but, of course, even if the crop should be somewhat reduced from the October figure, it will still be a record for all time. We are finding in the soybean market that there is a separate action between the nearby and deferred months. Looking ahead as far as July, many people realize that the price is high enough to either bring brans out of the loan or that if redemptions fail, the government might become a free seller next summer. Meantime, with firm prices for meal and small country offerings, the nearby deliveries are holding up reasonably well, and, if anything, carrying-charge differences have narrowed.

In wheat, particularly in the Southwest, holding by farmers has also been even more pronounced while offerings by elevator concerns have been reduced. The Southwestern Miller reports that fall-sown wheat is off to an excellent start, with soil moisture conditions generally good.

Primary receipts with Milwaukee missing were 1.7 million bu which was a little more than last week and quite a little more than last year. Kansas City and Minneapolis wheat stocks so far this week show a total decrease of 516,000 bu.

Wheat held pretty well and there was not much feature to the market. After the close the government report will be issued showing the stocks of grain in all positions. Japan bought some parcels of beans and Italy bought a small parcel lot. The meal market was higher, but this was offset by lower prices for oil. The soybean market was weaker with some scattered selling after the recent rise. Corn picking is advancing in some localities and should be in full swing shortly if good weather persists; however, it has been too wet in some places and harvest is just barely getting underway. The Chicago carlot receipts were light but often are on a Tuesday. Rye was weak and there was some stop-loss selling. The Winnipeg market was lower, and we think those who are looking for good exports to continue will be disappointed.

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CHICAGO, 4 October 25, 1961

The total wheat carryover at the end of the 1961-62 marketing year ay be down 50 million bu from the 12-month earlier period. It is interesting to ce that prospective reductions in spring, durum, and soft white wheat are indicat- d while hard winter and soft red types will increase. As far as the latter category s concerned, the reserve increase should be from 12 million bu last July 1st to 30 llion bu on that date in 1962, and this will be the largest balance in five seasons. idently the Department of Agriculture wants to hold down foreign shipments some- at between now and the end of the crop year as they are interested in offsetting bstantial reductions expected in the 1962 crop as a result of the participation in e wheat stabilization program. The fact is that there are large stocks of red heat in Chicago at the present time and these could remain largely intact so that rrying charges are very possible throughout the balance of the season.

Wheat prices currently are near or above the effective support lev- s since advancing from their seasonal lows. Aided by strong export demand, cur- ntly estimated at 675 million bu or more and the tight farmer holding policy, mar- ts have been subjected to early season support, but according to the USDA, this tuation could keep values from advancing substantially during the remainder of e year.

The 1962 wheat sign-up rate is not easily determinable this early, t the assumption is that total harvested acreage might be reduced 19% from the .5 million acres in 1961 to 41.7 million acres in 1962. Admittedly increases in rtilizer use could resultin 10% larger yields so that 1,075 million bu might be oduced, which would be 136 million less than this year's production. Added to e 1,360 million bu anticipated carryover and very small imports, total supplies ould be 2,443 million bu, or about 183 million bu reduction.

The USDA estimates that the world production of rye is 1.35 bil- on bu vs. 1.33 billion in 1960, but somewhat smaller than the 1950-54 average of 46 billion bu. Smaller outturns than last year in Western Europe are offset by a rger crop in the Soviet Union, the leading rye producer of the world. Of course, e know that North American rye acreage was considerably smaller than last year, d also below average, and in Canada the acreage is less than half the average d yields were below par. The Soviet Union's rye crop accounts for about 45% of orld supplies, and this could make them important in the export market.

Yesterday afternoon the government issued a report on stocks of ains in all positions showing a carryover of soybeans October 1st at 6 million bu rsus 23 million a year ago. Over-all corn disappearance of 3,683 million bu as 114 million more than the year before including larger exports, thus increasing e carryover 211 million from October 1, 1960 to 1,997 million bu. The 3-month e disappearance was 10 million bu compared with 8 million last year domestically, d over-all utilization was 11 million as against 9.6 million a year ago. Domestic t usage was 355 million bu or 38 million more than the first 3 months of 1960, ile exports were only about half the first quarter during the previous season. As e have indicated, wheat exports are running well ahead of last year's rate but aller domestic disappearance has more than offset this.

Other overnight news includes wet weather throughout most of the rn belt causing further harvesting delays. However, the high moisture content of is cereal will prevent some quantities from going into storage once picking curs, and marketings, therefore, might be somewhat larger than otherwise ould have been the case.

Despite all the statistics, markets were quiet and price changes re fractional. Soybean meal continues strong encouraged by higher cash prices, d a very tight holding policy on the part of bean farmers gives encouragement to ngs. Corn improved probably because harvesting is delayed, and as of last Mon- y evening from 10 to 15% of the crop had been picked in Iowa and a little more had en gathered in Illinois. Red China is said to have sold 20,000 tons of soybeans to pan at the Canton Fair, and offered 80,000 tons more at a higher price equivalent U.S. values. Other workings recently by that country included 7 cargoes to uropean destinations, and people in close touch with the Chinese soybean trade ink that exports this season might run 300,000 to 350,000 tons. This would com- re with approximately 250,000 during the season just ended or about one-third of ch of the two previous seasons. Rye firmed on the strength in Winnipeg.

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CHICAGO, 4 October 26, 1961

World shipments of wheat and flour last season were the largest they have ever been, with total clearances from various countries amounting to a little over 1 1/2 billion bu. This is about 14% higher than the 1,328 million bu recorded the year earlier. It should be noted, however, that world trade in wheat has increased each year since 1957, and probably the most important factor of last season's situation was that Communist China imported about 72 millionbu of wheat from Canada and Australia. This year's crop in China was again unfavorable and they had adverse weather early in the season, which prevented seeding the usual acreage of winter wheat, while Turkey was another country with a smaller harvest. As far as Western Europe is concerned, their production was about 7% less than last year but yet above average. The largest reductions were reported in France, West Germany, Spain, and the U.K. Italy's crop increased somewhat, despite a smaller acreage, and there were some increases also in the Scandanavian countries.

It is always difficult to get much accurate information from Russia, but our Department of Agriculture estimates that their crops were probably larger last summer than for the past two years but below the record 1958 harvest. Increased acreage was an important factor and higher yields are also indicated. We have pointed out in our letters on many occasions that much of the territory is not well suited to wheat, owing to extreme temperatures, both the severe cold in winter and the unusual heat in summer. This, of course, does not refer to the better areas, such as the Ukraine, the Northern Caucasus, and the Volga regions. The last crop was affected by less favorable conditions in some of the new territories because of hot, dry weather. Russia has really not been a significant factor in the export column since 1914 when previously they had vied with our country for supremacy. In some years the honor fell to us in shipping more but on other occasions Russia exceeded our shipments. Recently they have had reasonably good clearances in some years but most of the business was done for political reasons.

During the past week our wheat and flour exports were favorable at 16.5 million bu but a little smaller than the week before. Since July 1st, we have shipped nearly 217 million bu, which is about 50 million more than in 1960 during the same period. Our corn exports for the week were 4 million bu and since the 1st of October, we have shipped about 4 million more than the year earlier. Exports of oats to-date are about 9 million smaller due mostly to the poorer crop and barley shipments are also off about 15 million bu. We heard this morning that one of the largest industries had bought cash corn pretty heavily yesterday, and this may have been due to the late harvest, but apparently their needs have been satisfied for the time being, and as a result bids to-arrive dropped sharply today. In the Southwest, farmers are still holding wheat but this tendency is even more pronounced for soybeans and corn; consequently, there has not been much pressure on the market recently, although as we indicated in our early gossip, there had been a considerable amount of commission-house liquidation in the last hour of yesterday's session. The Evanston Office of Commodity reported domestic corn sales for the week at a little over 2 million bu, which compared with 3.4 million for the previous week.

Primary receipts of wheat were nearly 1 1/2 million bu, which was about the same as last week but more than last year. Kansas City and Minneapolis stocks so far this week show a total decline of 891,000 bu.

Markets were generally lower and there was no particular news to account for the weakness. Flour business showed no sign of any recovery from recent dullness, but in the long run this is not too important as our domestic consumption of flour and products is pretty constant. Corn for reasons discussed earlier was subjected to a little selling, and we also heard that the Commodity Credit Corporation at Kansas City had embarked on a program to sell yellow corn in somewhat the same manner as they have been liquidating their milo. They apparently will not sell anything, however, that is in terminal elevators. In beans there was some selling by a commercial interest, and there was also liquidation on part of commission houses. The country is still not active on the selling side, and this may only mean a delay, but for the time being at least there is hardly any pressure on the market. Nevertheless, Chicago receipts including barge, truck, and rail amounted to about 650,000 bu.

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CHICAGO, 4 October 27, 1961

The confusion over the government corn selling program emanates om official policy which by its very wording and action is unclear. When Congress econvenes in January, the House Committee on Appropriations, as its first order business, may take up the Agriculture Department's request for the fiscal year ommencing July 1, 1962. It is possible that in order to meet fund requirements at sales from certificate pool feed grains might be stepped up rather than to aportion more money, and pressure could be brought to sell corn and other feed rains in greater volume than had been anticipated. Certainly this would be in line ith the President's request yesterday for all departments to cut costs, and the esult might be larger corn sales early in 1962. In the meantime, handlers, proessors and other users will be cautious buyers, especially while the certificate ool exists. At present the CCC sales policy is confusing and officials avowedly re uncertain as to the volume of offerings. Evidently there is no decision-making roup as such and consequently tactics have been aimed at keeping the public igorant on the matter of how the CCC plans to regulate the market when actually they o not know themselves.

The government is in a position to break the corn market and reently did so through its authority to sell feed grains, but after an avalanche of riticism supposedly they eased up on the sales of corn and now reportedly are laying it by ear, hopeful that new policies will not permit wide market fluctuations. here is little immediate hope for price recovery while this situation exists, and t the same time the harvest movement is expanding and a good deal of the new corn vill not be eligible for the support program. The high moisture content will force arger marketings, all of which keeps us from becoming enthusiastic about corn utures at this date.

Chicago bean stocks continue building up slowly but surely, with rrivals at 1/4 million bu today. Cash meal remains tight but there has been a good leal of liquidation in the oil and possibly this has about run its course. Certainly he soybeans have advanced in relation to their products and the conversion ratio loes not appear especially profitable. Nevertheless, processors seem eager to upply themselves with beans as country offerings have been comparatively light n relation to the size of the crop, and product demand, along with large exports, hould be helpful in maintaining prices. According to Foreign Crops and Markets, he Argentine oilseed crops in 1961-62 are better than last year when drought and rost reduced production.

There was nothing special in the overnight news except that the Berlin situation is a bit more tense with Russian tanks moving toward the border, ut we have learned to take this news in stride, and certainly commodity markets do not respond particularly. Larger quantities of wheat are moving from country ositions as in many southwestern spots prices are at or above the loan, and with some recent market weakness, liquidation of previous accumulations is occurring. There were no export sales of consequence, and some liquidation in Chicago futures has resulted from government talk of a build-up in the red wheat reserves.

Primary receipts of wheat amounted to 1.4 million bu compared with 1.2 million bu last week and approximately the same a year ago today. So far his week Kansas City and Minneapolis stocks decreased a total of 1,240,000 bu. When the wheat visible is posted Monday, it will compare with a decrease of ,708,000 bu in 1960.

Markets were mostly quiet with rye showing individual strength nd there was no further export business reported, but firmness in Winnipeg inluenced traders in Chicago. Other grains declined early, but near the close reurned pretty much to last night's closing quotations, and changes were unimporant. Undoubtedly, there will be corn harvesting over the week-end and hedging ressure could mount during the next few weeks. Despite early processor selling n beans, deferred months of this commodity moved higher.

We mentioned earlier that in some areas of the Southwest wheat rices are near or above the effective loan and more specifically on September 30th No. 2 hard wheat in Texas and Oklahoma was quoted at $2.33 to $2.36 compared with a support price in those areas of $2.27. In other words, farmers can enefit by redeeming wheat and that is exactly what is happening at present.

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CHICAGO, 4 October 30, 1961

The Department of Agriculture, and Secretary Freeman in particular, seem to be faced with probably one of the greatest decisions: namely, the price at which surplus corn stocks will be sold. We have thought for a long time that liquidation was inevitable owing to the fact that the government had made a pledge to cooperators that they would fare better than those who had not signed up. Furthermore, it will take a great deal of money to pay for the program, and it seems very questionable now in view of the already large budget whether appropriations will be made by Congress to pay for this program. In addition to all this, the administration is faced with another critical problem-- that is, of getting a big sign-up for the 1962 grain year. Unless those farmers, who have or will cooperate, get some additional benefits the whole program might be a colossal failure. This in turn could affect next year's prices and additionally any step now taken by the government will also influence prices of hogs, milk, poultry, etc. for the next few years. It might even settle the question as to whether farmers and Congress would be willing to accept more controls. Late Friday, the Department of Agriculture announced a minimum pricing for sales of CCC-owned corn and grain sorghum at levels not below prevailing prices received by farmers in the fall of 1960, against certificates issued to producers for diveting feed grain acreage under the 1961 feed grain program. In view of the fact that the national farm average corn price on November 15, 1960 was less than 87¢ per bu, and that in Illinois it was 82¢, while in Iowa it was only75¢, is rather clear indication that the government would have the authority to sell corn at very low levels.

The news was so outstanding that it naturally caused a bear market this morning, despite widespread rains that were reported over the country. These will cause a further delay in harvesting, but this is not necessarily bullish because wet corn will probably have to be marketed. Not much mention was made of this moisture in connection with the wheat market, but certainly it should get the crop off to a wonderful start, and in the Southwest, planting has made good progress up to now. In Europe there has also been a much improved moisture situation, and there were fair to abundant rains in most countries. It is expected, according to Broomhall, that the wheat acreage will be increased in a number of countries compared with last year. The Argentine wheat crop, according to the same authority, has been making better progress as the result of recent timely but abundant rains and conditions are now said to be favorable for an average or above-average crop. Planting of corn in that country is nearing completion, but there have been few intimations thus far regarding the prospective acreage. Some people are inclined to feel that moderate to fair increases may take place. In Australia there is no longer talk of a bumper wheat crop, although conditions still offer the possibility of a good harvest.

The Santa Fe Railway report spoke of seeding being nearly completed and that the sign-up under the 1962 wheat program is just getting under way. Just how much of their wheat acreage farmers will decide to abandon is still anyone's guess. Under the law, as passed by Congress, producers must cut their acreage 10% but may reduce plantings an additional 30% with payments being made on this additional acreage at 60% of the 1959-60 yields. This in effect means cost-free crop insurance on basis of 60% of a better-than-average crop without any expenses of planting, harvesting, and marketing.

When the Chicago wheat stocks were posted there was a decline of a million bu. The amount remaining, including 238,000 afloat, is 14.6 million bu. Corn stocks went down nearly a million bushels. There was very little change in either rye or oats. The stocks of beans went up 2 1/4 million bu to 8.6 million.

There was more acitivity in Winnipeg than here. Their flax market broke sharply on stop-loss selling with a 13 or 14¢ decline from the previous session. Our corn for the reasons enumerated above remained relatively weak, and beans were also lower with selling rather general. Chicago stocks are building up slowly so we may not get as big a supply finally as we had last year. The U.S. bean visible increased 6 1/2 million bu, and with 22 million in all positions, it compares with 43.3 million bu last year. Wheat was without much feature but affected by the situation in surrounding pits, prices were off a little. The wheat visible declined 9 million bu, but we still have 507 million bu in the various markets which is not down much from last season. The oat visible of 29 million is approximately the same as last year. Oats were weak.

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October 31, 1961

During inflationary periods such as we have had generally for some time, people constantly look for investments. They desire to put money to work so that purchases will grow enough to offset dollar value shrinkage. One of the most popular forms of investment is securities, such as common stocks. Where choice has been carefully made, value increases have occurred. Another outlet for money has been land purchases, and these also have been profitable in many cases, and in that category farm real estate, including land and buildings, were valued at $138 billion on July 1st, or an increase of $3.3 billion from the preceding year. Farms are still regarded as a safe hedge against inflation, though the number of commitments for that purpose has decreased in recent years. As a matter of fact, the largest single class of farm buyers (46%) still is the owner-operator type compared with 26% ten years ago. For comparison sake, it can be shown that the net gain in purchasing power of 500 common stocks averaged 19.2% annually during the last decade compared with a 3% increase for farm land. However, stock dividends averaged less than annual earnings of farm land, but the combined return from capital gains and from dividends was about three times larger for common stocks than for farm land.

Weekly inspections of soybeans amounted to 5.8 million bu vs. 4 million during the same week in 1960, and already shipments for the young season are running 5 million bu in excess of a year ago. However, selling occurred at the start in Chicago futures this morning as tenders on the November contract were large, and though this was partially indicated yesterday, some traders thought that with comparatively small elevator stocks, deliveries would not be very large. The American Soybean Association says that the crop has come out of the fields in good shape for the most part, but that even though the output is more than a year ago, marketings are less, which is proof of the holding policy.

Skies have cleared but fields are so wet that it will take a few days before corn-picking can resume on a big scale. According to official sources, wheat sign-ups under the 1960 compliance program have been disappointing so far but it is a bit early to predict the over-all reduction in excess of the 10% mandatory cut from 1961 plantings. If cutbacks are smaller, then we can look for a crop close in size to that of the one raised last summer, as fertilizer will be utilized on a heavier scale and at the same time subsoil moisture reserves are generally excellent, which should benefit early growth, but, of course, weather next spring will be an important measure of final yields.

In a discussion of rye, the Agriculture Department confirmed reports that Germany has purchased 600,000 bu of U.S. rye up to now, but there has been rumor that sales may have totaled a good deal more. We can find no verification of this except that in some quarters it is thought that this country offers the best rye source currently. Argentina will not harvest until December. On the other hand, we have heard of Eastern European countries offering at a cheaper basis than that of the U.S. and though no official Russian production reports are available, it had been reported that the Soviets produced a successful crop.

With the exception of rye, which was higher all morning, price changes in other commodities were small. Beans were little influenced by the large deliveries, and country offerings are light. Binsite corn offerings by CCC continue, and picking of this grain will gain momentum when the weather clears, but up to this point harvesting is behind normal in most states, ranging from about one-fifth finished in Indiana and Nebraska to past the half-way mark in Minnesota and South Dakota. In Iowa and Illinois 25 to 35% has been gathered. Harvesting of 1961 soybeans has been virtually completed.

Flour sales are still limited and probably little business will be done for a while as backlogs are ample. Wheat is only fairly well supported at the moment, and as a matter of fact some liquidation occurred early this morning. No special export business was announced overnight, but demand is almost always prevalent with further trades pending.

Primary receipts of wheat totaled 1.7 million bu, the same as last week and compare with 1.1 million a year ago today. So far this week Kansas City and Minneapolis stocks decreased 230,000 bu. Free wheat stocks in Chicago are 14.6 million bu and corn 3.3 million bu.

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CHICAGO, 4 November 1, 1961

After the close of the market yesterday, new parity prices were published, and virtually no changes were shown during the month. The higher prices paid by farmers for clothing and new 1962 model cars offset lower prices for food and household furnishings to hold the family living index at its record level of 291 during the month ended October 15th. Lower prices paid for mixed feed, high protein feed, and most grains reduced the mid-October feed index about 2% from a month earlier. At 194, the index was about 2% above October, 1960. Altogether there was very little attention paid to these factors, and, therefore, the market looked toward other developments which were not too important as compared with the day before. The CCC listed corn for sale in their November publication, but it was difficult even for experienced traders to figure out exactly what the program encompassed. They said that until further notice domestic dispositions for unrestricted use would be in redemption of certificates or rights represented by pooled certificates under the 1961 Feed Grain Program. Such redemptions were to be made at market prices at points of delivery as determined by CCC. Apparently they intend to reserve the right to decide not only the time of delivery but the class, grade, quality, and quantity of corn that will be made available for redemptions. They furthermore will not say in advance whether there will be any restrictions on theavailability of the corn at any location whenever such action is deemed necessary. The export program as we see it will not vary much from its present form.

There was an unfortunate explosion at the Central Soya plant at Decatur, Indiana, which was caused by dust and this resulted in a bad fire in the head house. While there were a number of injuries, none seemed to be serious. The extraction plant was not harmed, and the market effect was nil.

The state reports confirmed the slowness of corn harvest, which we already knew. In Illinois, only a little more than a third of the crop had been picked but apparently the moisture content had dropped sufficiently so that most of it may soon be cribbed safely. Soybean combining is nearly completed in this state at about the usual time. 95% of the intended wheat acreage has already been sown and ample moisture is present in all but limited areas. In Iowa by last Monday evening from 25 to 30% of the crop had been picked. Wet fields and some high-ear moisture content have caused some harvest delay in the south central and western districts. The soybean harvest in Iowa is more than 85% finished.

We had some rather substantial tenders against November bean contracts yesterday, which amounted to 3.2 million bu. Roughly, two-thirds of the beans were stopped by a local house, and it remains to be seen whether these will come out again.

According to Broomhall, there were further rains over large sections of Europe last week, which interrupted planting, but by the same token added to reserve moisture. In West Germany, precipitation was heavy and general, and they also had a period of rainy weather in France, which made field work slow over large sections. Conditions are reported as favorable in Italy, despite some rain, which has created a backward condition for planting.

Primary receipts of wheat were a little less than a million bushels which was smaller than last week but compared with 751,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 296,000 bu.

Our markets were not particularly active and very few of our cereals went far from last night's base. It seems that rye was comparatively firm considering the sharp break at Winnipeg, and rye in this country has been put back on the GR 368 program which is causing comment as to whether export subsidies will be granted. We understand that exporters will submit bids later today, and we shall have to see if the government will grant subsidies. As far as wheat is concerned, there was not too much news and flour sales were moderately improved but the business is still far from good. There may not be too much change until after the turn of the year as many bakeries are still quite well stocked. There was some export business in wheat via the Pacific Coast, and this was mainly to Pakistan with a total of 75,800 tons involved. Portugal bought 2 1/2 cargoes of red wheat via the Atlantic and Norway also took a parcel of red wheat together with some corn. It seems that trade in the yellow cereal is less active because of the uncertainties, but by the same token there is not much inspiration to buy.

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CHICAGO, 4 November 2, 1961

Last August approximately 80% of the nation's wheat farmers voted for a 10% reduction on their acreage planted to 1962 wheat. In return they would be eligible for a higher government loan, and further cutbacks up to 30% also would be compensated by federal payments. The purpose of this program, which is similar to the feed grain bill in effect for this year's corn and sorghum crops, is to increase farm income, halt excess build-ups of supplies and reduce government storage costs. In the first instance success will be recorded because loans were advanced from $1.79 for the 1961 crop to $2.00 national average for 1962 output, and at the same time idled acreage can be paid for by check. Of course, the American taxpayer stands these costs, and since the financial burdens in this country are already so great, we hate to see further unwarranted expenditures placed upon the public. Surplus reduction of corn has been only partially successful because of greater yields, and therefore government storage costs are declining slowly. Consequently, total output of feed grains has been high in relation to the number of acres idled, and the same thing could occur next summer in regard to wheat as excellent subsoil moisture and larger usage of fertilizer will enhance production.

The first USDA report on wheat acreage diversion has been published, but is difficult to interpret because in many cases farmers planted a large acreage intending to plow up the poorest portion at a later date and thus comply. This is being discussed in Washington in regard to the wheat program. They have until one month before harvest to make up their minds in regard to program compliance. In 37 states a total of 1,922 million acres so far has been intended for diversion, slightly more than 42% of the 4 1/2 million program acres(acreage allotment before 10% diversion) on farms signed to date. In these states 9.3% of the eligible farms has thus far agreed to participate.

Overnight, exporters bid for 1 1/4 million bu of rye subsidy at 4¢, but none was accepted and possibly this will result in some liquidation as there has been a good deal of speculative buying in rye recently on the expectation of larger export sales.

Unsettled weather covers most of the grain belt with rains of varying degrees having been received or forecast. Much colder weather is expected for the corn belt tomorrow. The Weather Bureau's 30 day outlook, which at best is not reliable, calls for precipitation in excess of normal over most of the nation except the Southeast and Pacific Northwest. If borne out, this would merely be a continuation of what we have experienced and which has resulted in harvesting delays. The CCC Evanston Office reports further domestic corn sales totaling 4 1/4 million bu last week of which 2.7 million were binsite. This is quite a bit more than the previous week.

There is no special news in wheat but that market has been subjected to some liquidation recently as in many cases longs have reduced holdings. Cash offerings in the Southwest are small again, and export interest has increased following a slack period, and export flour business was of moderate size. Another 727,000 bu of soybeans were tendered overnight, a good portion of which were redeliveries from the previous day. However, a number of the first deliveries might be withheld from the market at least temporarily.

Volume of trade was again on the light side and markets were mixed. Rye weakened near the close, while this grain in Canada firmed early because our government did not allow the export subsidy. This gives encouragement to Canadians on future foreign demand. Wheat was a shade lower with no particular feature, while corn gained with stoploss buying prominent. Indications still point to large government corn sales in the future and evidently Washington officials are trying to determine the most appropriate policy for distributing this grain orderly and efficiently. Further government departmental efforts are being made to reduce costs, and in this regard the Agriculture Department probably will use corn sales to help finance their programs.

Soybeans failed to hold and the products provide little help. Despite light country offerings, a sustained advance in beans is not likely unless the meal and oil are used in greater quantities.

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CHICAGO, 4 November 3, 1961

There is considerable debate in Washington as to whether we should resume bomb tests in view of the action taken by Russia. While it is regarded that their detonations have been largely psychological in character, it is in the form of automic blackmail in order to terrorize the free world. Perhaps they are also anxious to display strength to a country like China, which was beginning to waver, and to convince them that they should accept Soviet leadership. Most U.S. officials have their doubts as to whether the tests will result in any military gain for the Russians, but on the other hand it is also a question as to whether we can take the chance of permitting them to gain possible superiority over us. Those who have urged our resumption in this field believe we should demonstrate to the neutral nations that we, too, have great nuclear power and that we are serious over the Berlin question. As matters now stand, it is almost certain that both we and the Russians have more than enough bombs to obliterate each other, and if this is true we can be fairly sure that Russia will not start a shooting war.

Before our market opened this morning, we had weather reports showing that moisture had covered wide areas of the country, and while harvesting of beans is about complete, it will cause further delays in gathering corn. Temperatures during the next five days will probably average ten degrees below normal and while there will be a little additional precipitation, there will probably be a cold wave, which would be helpful. There was another factor of interest: namely, the Agriculture Department's statement that based on a soybean crop of 710 million bu, we would probably end the season next October 1st with a reserve stock of 75 million bu. In their calculations they allow for crushings of 425 million bu, which is roughly 23 million more than in the previous twelve months. Exports are also higher at 175 million bu, which would be an increase of 45 million over this past season. The amount for feed and seed would probably account for an additional 41 million bu, up slightly from the year earlier amount. It is contended that a large part of the reserve stock would end up in government storage. Of course, redemptions could easily take place if prices were high enough, or in any event, there could be some government selling next July so that with a record carryover in sight, it might dampen bullish enthusiasm, although this has been expected for some time. In our opinion the market may not improve much until we eat more into the accumulated supplies.

We heard from abroad that the Argentine government had raised the support price for linseed to 19.50 pesos, an increase of 3.50 pesos. This had caused some strength in the linoil market at Rotterdam, which advanced about $3 a ton, and apparently was regarded a little more hopeful for the flax market at Winnipeg.

There is quite a little export business pending in wheat. Offers were submitted on flour to the UAR while India was expected to buy some large quantities during the next few days. Also, Germany was inquiring for 100,000 tons of either U.S. or Canadian wheat. The unfortunate part of all this is that there is hardly ever a commensurate lifting of hedges in the pit even when the business is put through, and for that reason we find much less commercial volume than normally, insofar as futures are concerned.

Primary receipts of wheat were light today at only 789,000 bu which was half as much as last week and compared with a little over a million bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 706,000 bu. When the wheat visible is posted Monday it will compare with a shrinkage a year ago of 8 million bu.

Trade was rather light but markets were firm. In flour circles there was some moderate business, and occasionally a good sized order. Exporters in New York reported that the U.K. and Holland had bought a million bu of corn for December shipment, but we think the main factor was the weather during the past two weeks which has been anything but favorable, and according to the Quaker Oats report the crop has dried down slowly. Furthermore, fields have been too wet and soggy for mechanical equipment to operate. Rye, after a weak start, rallied and closed higher. The Argentine government intends to eliminate export taxes on grains and seed crops as well as on flour starting December 1st. This caused a sharp break in Winnipeg flax after an early rise. It looks as though the Chicago bean stock would increase about 1/2 million bu on Monday.

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CHICAGO, 4 November 6, 1961

These days most of the emphasis is on foreign affairs and the defense of our country. Less attention is devoted to the other complexities of our government and its efforts to be all things to all people should not be ignored as a good deal of current legislation is dedicated to supporting all levels of the economy. The many Washington bureaus spend huge sums of money on a daily basis in order to make various groups and individuals financially secure. For example, on one recent day alone the USDA summarized a few of the important items handled in this very important department, and it is interesting to note that the following activities were engaged in. On November 2nd, the USDA announced the purchase of 2,670,000 pounds of young chickens for the school lunch program, almost 3 million pounds of lard for price stabilization purposes, more than 5 million pounds of canned chopped meat for needy families, and 2.6 million pounds of frozen ground beef for no stated reason. At the same time a 1962 tobacco crop insurance plan was announced including a "dollar guarantee" so that in case the value of the crop falls below this guarantee, Uncle Sam will make up the difference. Awards were made by the CCC for peanut butter processing and packaging, and of all things a grant was made to a university at Rio Claro, Brazil for bee research.

Midwestern weather is cold and clear, and the 5-day forecast indicates little or no important precipitation and corn-picking evidently is being resumed in many areas. Despite high moisture content, farmers are attempting to hold corn on their farms with the idea of impounding as much as they can and selling the balance at a later date after it has a chance to dry. In other words, they are unhappy with the high moisture discounts, and, of course, drying will occur on a large scale this fall. The CCC sold 5 million bu of corn for domestic use again last week, and these sales probably will be expanded, especially after the harvest, as all indications point to the fact that total marketings during the current crop year will necessitate an even larger selling rate than the one currently in force.

According to Broomhall, fall-planted crops in Europe will go into the ground under materially better conditions than last year, and often acreages will be larger. Australian wheat crop conditions continue rather spotty, and the overall picture is considered inferior to last year. However, a fair exportable surplus may still be realized even though clearances are expected to fall short of the record sales during their previous season.

The Canadian crop report issued Friday afternoon placed spring wheatat 242 million bu and flax at 15.3 million, in both instances a small increase. A 13% increase in the area sown to fall rye in Canada was forecast whereas it had been expected, because of the dryness, that there would be some reduction in acreage.

Of the 1.1 billion bu of soybeans included in 1961 world production, the United States, of course, will harvest approximately 700 million bu. This is the major portion of the 17% increase over last year's crop, but Brazil, Canada, and even Mainland China are expected to produce larger amounts. Some observers think that the yield forecast for the U.S. will show a decrease in the November and December reports, but no large reduction is anticipated.

Chicago wheat stocks declined 413,000 bu during the week leaving over 14 million bu in our market. Corn stocks also decreased 1/2 million bu to less than 16 million. However, with better weather this should reverse in the coming weeks as the country movement gains momentum. Oat and rye stocks both decreased by small amounts, and there is 8 1/4 million bu of the former cereal while rye supplies are small at 1.8 million. Local elevator bean stocks increased 827,000 to 9 1/2 million. Despite this, the November was strong in relation to deferred months, and a local was credited with large purchases of the nearby, and evidently some of the deliveries will be held at least temporarily.

The USDA has said that they expect acreage reductions in wheat to be much smaller than sign-ups. Many farmers will sign for a maximum cut of 40% while in reality they will harvest all but the mandatory 10% reduction next summer. There is little new in our wheat market with farm holdings still tight, and a new flour export agreement expected shortly. Bakery flour sales are at a moderate to rather slow rate. Corn was lower, and rye also declined probably in sympathy with the Winnipeg market which was lower with the larger intended rye acreage.

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CHICAGO, 4 November 7, 1961

While the hog market was a little higher this morning, prices at leading U.S. markets yesterday had a rather sharp decline to the lowest levels since September, 1960. The price on broilers is also down, indicating that feeding operations at the moment are not too sanguine. At the same time the USDA figures the total supply of feed grains and other concentrates for this current season at 252 million tons, which is only 7 million tons less thanthe year earlier. This is still a large feed concentrate supply since it exceeds the amount available for any year prior to 1960 and is 18% above the 1955-59 average. The significant feature is that this year's reduction follows an 8-year period of increasing supplies; thus we are making a little headway. According to other government forecasts, the corn carryover at the end of the present season will be 1,850 million bu compared with 1,997.6 million on the incoming crop year. They tentatively figure on exports of corn amounting to 275 million bu or no change from the season before, but a slightly smaller amount that will be fed to livestock.

The grain sorghum carryover at the end of the season is estimated at 700 million bu, about the same as the year before, and the oat carryover will probably be reduced to 275 million next June 30th vs. 324 million last July. The oat crop last summer was 22% below the 1955-59 average and dropped below a billion bushels for the first time in more than twenty years. The smaller crop along with higher prices, will probably result in a further reduction in the quantity fed to livestock, and this may easily fall to nearly one-fifth below the 5-year average. Exports of oats are also expected to drop sharply below those of recent years and may be only one-third of the 5-year average. Acreage has been declining for a number of years, which has resulted in lower production, and from last year's harvested area of 24.3 million acres, it showed a drop of 40% since 1954, and was the smallest acreage in seventy-five years. Apparently low prices are causing diversion into other crops, indicating quite clearly the influence of price in the economic field.

It is interesting to note that while soybean meal furnished less than half the total of high protein feeds fed to livestock in the early 50's, it will make up nearly 60% of the total in the current season. As in most recent years changes in the high protein feed supplies are due largely tochanges in the supply of soybean meal. This commodity has had universal acceptability for feeding all types of livestock and poultry, and, of course, with the record soybean crop indicated, there should be plenty of opportunity to use this product as a medium. Exports of soybean meal are expected to at least equal and may exceed the 591,000 tons shipped last season. Likewise exports of soybeans are expected to be bigger, particularly to Europe, although shipments of meal to that area may be somewhat lower. The supply of cottonseed meal may be about the same as the supply last season. However, stocks on October 1st were substantially below those of a year earlier and imports may also be down. The linseed meal supply may be only a shade smaller than a year ago, despite a 20% reduction in the flaxseed crop.

Export flour sales are reported to be somewhat better. Offers have been submitted to UAR, and India bought 10 cargoes of hard winters at the Gulf and 4 to 5 cargoes of soft wheat via the Pacific. Pakistan has asked for a few additional cargoes of number two hard or yellow hard. Cyprus is also inquiring in a small way and thus demand remains static.

Primary receipts were a little less than 1 1/2 million bu, which was smaller than last week. There was a holiday last year. Kansas City and Minneapolis stocks so far this week show a total reduction of 302,000 bu.

With the stock market closed, trade was extremely dull, but markets were generally higher. Beans were up on some local buying of the November future. The country is hardly selling anything and pressure is extremely light. Wheat was higher on commission-house buying with the December future leading. Only a small to moderate business was reported in bakery flours but there is an increased volume developing on family brands. The government estimates that sales of corn by CCC will be more than double the 313 million bu that was sold last season. Nevertheless, corn prices firmed and officially it is felt that prices will average above last year's levels probably due to the fact that the crop was smaller. Oats in our opinion should gradually do better, and we feel if Chicago stocks decline that it will be difficult to replenish supplies from the country.

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CHICAGO, 4 November 8, 1961

Elections were held in a number of eastern communities yesterday, and as a Mayor was chosen in New York City, securities markets were closed there. The Midwest Stock Exchange remained open and prices generally were higher in that market, so that this morning a good deal of buying appeared in New York right after the opening bell. Many corporate reports show improved earnings, but the basic reason for strength is the inflationary economy, which is so prevalent and of which we have talked at great length. Commodity prices were also generally higher yesterday, and a good deal of early buying came into our market at the start today probably, in many cases, by those who took a holiday yesterday with the closing of the New York Exchanges.

Soybeans which have declined during recent weeks suddenly were sparked by improved interest and steady export demand, and overseas inspections since the start of the season are running 5 million bu ahead of last year. Tomorrow afternoon an official crop estimate will be released based on November 1st conditions, and it is thought that a small reduction will be posted for soybeans, but even if the crop is around 700 million bu or less a large supply will be carried over at the end of the current season. Chicago receipts are building up slowly, which has resulted in tightening of the nearby month, and the fact that deliveries have been fairly well taken also has resulted in strengthening of the November. Country selling has been comparatively small and the rate of conversion has not been fast enough to permit meal supplies to build up rapidly enough to take care of the nearby demand. This product along with soybean oil will be exported in larger quantities during the season, but even so, supplies of both should be ample so that it is hard to expect sustained advances in either the beans or their products during the coming months.

Overnight elevators sold wheat in the Southwest but farm holding has been remarkably tight and shows no let-up even though in some quarters it was expressed that producers would wait until after January 1st to take advantage of the new tax year before offering their grain. There is no indication of any willingness to do this at the moment and little wheat is available to meet current requirements for export and milling demand which is running at a fairly good clip. As a matter of fact, shipments of flour and wheat for the season are forecast at 700 million bu, or possibly more, and workings in some recent weeks have amounted to 25 million bu, which combined with small country offerings keeps cash prices firm. Chicago futures on the other hand are influenced by red wheat supplies of over 14 million bu and though the basis has come more in line with East Coast export prices shipments of this class from our market have been small.

Corn bookings are moderate considering that harvest is under way on a full scale throughout the corn belt and the forecast is clear so that a good deal of the gathering of this crop will be completed within the week. A considerable amount of the marketings are thought to be of CCC origin. Of the 3 1/2 billion-bu crop about 1 1/2 million bu is eligible for the government loan, and impoundings, therefore, should be fairly large. Through Monday evening, 40% of the Iowa corn had been picked and about the same amount has been harvested in both Illinois and Nebraska, while only scattered soybean fields remain to be combined. Over three-fourths of Minnesota's corn crop is in and that state has not enjoyed the heavy moisture reported in many other areas of the grain belt during recent weeks.

Markets were mostly firm with the exception of wheat which ran into some pressure probably from hedgers who purchased elevator offerings in the Southwest. Corn strengthened near the close as a downstate user was mentioned as having bought cash corn in Chicago to ship from this market. Some export activity developed overnight, and hedges were lifted against some of the business that was done with the U.K. and the U.A.R. Beans stayed firm and meal was strong. Oil on the other hand ran into some pressure, but there was no special news.

Primary receipts of wheat totaled 913,000 compared with 979,000 last week, and 1,669,000 a year ago today. Stocks of this grain in Kansas City and Minneapolis decreased a total of 448,000 bu so far this week.

It is more difficult to determine the course of rye as stocks are small, but if a demand develops prices for this grain could advance. However, there is no sizable export business in the offing.

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CHICAGO, 4

November 9, 1961

At least some of the recent advance in securities may be attributed to inflationary aspects. We realize that the President is doing everything conceivable to hold down expenses of various governmental departments, and one example is the decision not to spend $780 million which Congress had voted for aircraft procurement. Undoubtedly there would be even more spending if it were not for the fears that our monetary policies would be affected, because this is generally one way to lower the unemployment situation. It should be borne in mind that the vicissitudes of the dollar show up dramatically in the change of our gold stock, which decreased 23% from the end of 1950 to mid-1961. This trend is in sharp contrast to changes in the gold and dollar holdings of our principal industrial competitors in Europe. The Common Market nations have increased their gold holdings by 510%, and the short-term dollar holdings by 292%. Members of the European Free Trade Association have added to their gold and dollars by 18% and 133% respectively. While it is probably true that a more equitable distribution of these resources has contributed to rising international liquidity and to stronger national currencies, in the judgment of some people, it has had the effect of weakening our dollar.

Before our market opened this morning, there was not too much to guide it. The carryover feeling in corn was slightly bullish; during the past week CCC binsite sales had amounted to only 706,000 bu in contrast to about 2 3/4 million bu the week before. While some corn has been shipped from Chicago to downstate destinations, we figure that with improved weather there will be a larger country movement of corn before long. Our exports for the week were 5.2 million bu and since October 1st, we have cleared nearly 20 million, which is a slight increase over last year. Our wheat and flour shipments were again very large for the week, and amounted to 14 1/2 million bu. The total of 246.6 million since last July is 63 million greater than the year before. After the close of the market tonight, we shall have a government report and not muchchange is expected in the figure for corn production but a small decrease is expected in beans. The country is still a very small seller and this has had the effect of tightening the nearby month in contrast to the more deferred deliveries. Cash meal offerings at the start were mostly unchanged but in some cases 50¢ higher.

The Continent and Japan bought some parcels of soybeans while the U. K. bought parcels of corn. We also heard from New York that Russia had presumably sold the U. K. a considerable quantity of corn for January/February shipment yesterday and was working on more.

Canadian weather bears close watching. For five years they have not had proper fall moisture and in some instances it was even deficient during the growing season. With the exception of northern Alberta and a small section of northwest Saskatchewan, the entire Prairies are heavily deficient of subsoil moisture. The prospect of this being made up by timely fall rains becomes daily more remote. After the ground freezes up no amount of snow will have the same effect as the penetrating rains that ordinarily come before the ground hardens. Thus in order to produce good crops next year in Canada, it will require ideal growing conditions throughout the season, with rainfall spaced at exactly the right intervals.

Primary receipts of wheat were 1.1 million bu which compared with 841,000 bu last week and 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 455,000 bu.

Trade was not particularly active. During the forepart of the session, there was firmness in all pits but best prices were not maintained as there seemed to be some profit taking, and new supporting orders were insufficient to prevent declines. Possibly there was some evening up prior to the government report. Whether the corn movement will be heavy remains to be seen. In some instances farmers have bought temporary cribs and other storage facilities to keep more distressed corn from the market. Beyond this much will depend on the pace at which government holdings are liquidated. Rye was also a little lower and while there was no great amount of pressure, it seemed apparent that it was difficult to bull the market every day on the same news, namely the small stocks here in Chicago and the possibility of some export business to Germany. Oats were also a little lower.

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CHICAGO, 4 November 10, 1961

There was no great surprise in yesterday afternoon's official crop report and, as was expected, a slight increase was projected for corn, while the soybean production figure was lowered. Corn output is estimated at 3,549 mil. bu versus 3,891 mil. bu raised last year, and, considering the acreage retirement program, it shows farmers' ingenuity in adapting to existing conditions. Over the years most grain yields have risen steadily despite attempts to reduce surplus crops, and though participation in the land retirement program was considered successful from an acreage point of view, the over-all return on the land used has been beyond expectations as per acre yields are of record proportion. A new high of 60.9 bu of corn will be reached compared with the previous high of 54.5 bu last year. In addition to fine weather, fertilizer usage accounts for much of the increase. As a matter of fact from October 1st to November 1st the yield index, which represents a composite of the 28 leading crops, moved up to 146% of the 1947-49 average.

A composite of the private trade guesses had placed soybean production at around 700 million bu, which is exactly the figure forecast in yesterday's USDA release. This is a 10 million bu reduction from the previous figure; however, it is still up 25% from last year and 79% above average. Even with record usage during the present season, a carryover of perhaps 60 million bu is estimated. The per acre soybean yield was forecast at 25.9 bu compared with 23.6 in 1960 and the 10-year average of 21.4. Grain sorghums were placed at 482 million bu, slightly higher than the previous month.

These figures were of small importance marketwise, and insofar as corn is concerned, the peak of the harvest movement should occur over the weekend. On the other hand, reports indicate that the CCC appears reluctant to sell binsite corn, and in one case an observer pointed out that the highest bids were turned down overnight. The government is pursuing a liberal policy of selling milo whereas they have announced that for the season they expect to sell more than double the 381 million bu of corn and sorghums that they sold last year, of which 313 million bu was corn. The weather forecast is mostly clear which will enhance field working conditions.

Very little wheat is offered in the Southwest, and farm selling, especially, remains tight while sharply expanded demand from the milling industry and exporters has strengthened cash prices. The more liberal selling after the turn of the year, which often occurs, is not indicated in present discussions from that section of the country. The holding policy does not apply to wheat producers alone as soybeans have been stored and held rather tenaciously, and perhaps farmers will attempt to crib as much of their corn as possible. It is difficult to reconcile the farmers' thinking on wheat as impoundings are not large with cash prices in many cases well over the loan, and January 31st the sign-up deadline.

The Australian Wheat Board Chairman expects output of that crop this year to be around 180 million bu added to a carryover of only 20 million. In our country the Agriculture Department has offered for immediate sale the stocks of storable oats held by the CCC in the western portions of the country.

Wheat primary receipts were a little better at 1 1/4 million bu compared with 3/4 million last week and a million bushels a year ago today. Kansas City and Minneapolis stocks decreased 406,000 bu for the week. When the visible supply is posted Monday, it will compare with a decrease of 4.2 million in 1960.

Markets were extremely quiet with corn a little better supported on basis of small CCC sales, and not too much pre-weekend hedging. Cash corn is still rather firm. November beans lost ground on deferred months as deliveries seem to be circulating a little more. Soybean meal dropped while oil gained; a reversal of the recent trend. Deferred meal might decline as it is high based on poultry prices, and feeding does not offer a profitable return.

There will probably be oat deliveries in December as Chicago stocks of this grain are ample. Rye did very little today but it has borrowed strength recently from the Canadian market which has been pretty well maintained. There is no special news, and no further export sales of rye have been announced.

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CHICAGO, 4

November 13, 1961

There were some light to moderate rains in the Southwest, which, of course, are helpful for winter wheat and should get the crop off to even a better start. In our section of the country weather has become a little more unsettled, but in the meantime there are 567 cars of free corn here this morning, which represents the best receipts of the season, and in addition there are 75 cars of Commodity corn. Soybean carlots amounted to 189, which is still fairly good considering that the movement has been on for some time and that there is a strong holding tendency on part of the country. While we seem to be worrying a little about the high moisture content of our corn, a very dry situation currently prevails in Canada and moisture reserves are reported to be substantially lower than a year ago, so that it will require good spring and summer rains to insure a 1962 crop, according to a federal survey. In other words, the situation is not at all good.

Actually prospects for the next crop are not nearly so good now as they were last year at this time, according to a Director of Soils Research for the Canadian Agriculture Department. Unfortunately, the lack of moisture is pretty general, and even northern Alberta, where a comparatively good crop was harvested this year, has shown very little moisture in recent weeks. They claim that snow would help and an attempt has been made to find a correlation between fall rains virtually nonexistent this year and next year's crop, but a much better correlation was traced between summer rains and the abundance of harvest. Unfortunately, even if snows are heavy during the winter, a good part of this is lost by evaporation and the spring run-off. It will be remembered that this year's Prairie wheat crop of an estimated 240 million bu wheat compared with 489 million bu last year, which was below the 10-year average. Canada will end her season with a greatly reduced reserve, and if she should get a dry summer in 1962, it could bring about a serious problem not only for Canada, but for the many importing countries that rely on the high gluten grain that she has to offer. Agronomists are also concerned, feeling that a continuation of dry weather might mean a return to the "Dust Bowl" of the 30's.

Export business in flour has fallen off but so have offerings of hard wheat in the Southwest which for a few days had been sizeable. Country advices stress a near halt and the demand continues for large amounts of export wheat to fulfill previous contracts, especially at the Gulf. The red wheat price has been strengthening both in Chicago and at the Gulf position, which is probably encouraging a changing of short hedges from December to later months.

According to some reports the soybean crop in west central Illinois is only about 90% harvested. There have been some delays in Iowa, Missouri and Kansas but the bulk of the crop has been gathered, and, strangely enough, even the wet fields have yielded dry beans. A long dry spell or protracted freeze is needed in the late areas to finish harvest. According to some authorities, farmers are continuing to increase soybean acreage each year, as some of them feel that the day is not far off when controls may be imposed. They believe it wise to get as high a base allotment as possible if beans should go on acreage allotment. This country could easily raise a crop of a billion bushels per year if proper encouragement is given producers and it remains to be seen whether the demand, both domestic and export, would keep up with large reserves of that kind.

When the Chicago wheat stocks were posted, there was a decline of 459,000 bu. Including the amount afloat, there is about 13 3/4 million here. Corn showed a small increase, and the Chicago bean stocks went up 619,000 bu to a total of 10.1 million bu.

Markets were not too active and in spite of a little export business in beans, deferred months were lower. Late Friday the U.K. took parcels amounting to about 1,500 tons. Today there were some parcels of corn sold to Britain and the Continent. Wet weather may have had a little to do with the firmness in the corn market, but trade was not heavy. More corn came out at River elevators, but not in any great quantity. The basis was somewhat better, averaging about December price delivered Chicago. Soybean oil was a little lower and so was meal. The U.S. Embassy in Madrid estimates the Spanish production of olive oil, and believes that it will dip to 400,000 metric tons compared with a production of 500,000 last season, and 450,000 the year before. The U.S. wheat visible declined 3.4 million bu. In beans there was an increase of 1 1/2 million bu.

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CHICAGO, 4 November 14, 1961

We cannot underestimate the importance of farm storage and the ability of farmers to hold grain. Corn, especially, can be kept and cash prices during the peak of the current movement reflect the producer holding policy. As in the case of soybeans, exporters are having difficulty filling sales and though the weather has delayed corn harvesting, country offerings are at the moment comparatively light. Large quantities of this cereal are eligible for the loan and a good portion of the balance will be fed. At the same time CCC sales are moderate enough to help keep prices firm, but chances are more will be offered at later dates in order to penalize noncompliers. As a matter of fact, agricultural officials realize that unless values are depressed during the planting season next spring, the compliance program could be a flop.

The Secretary of Agriculture has been criticized and already there is discussion about his ouster. We do not pay particular attention to this talk because the same thing occurred during the 8-year tenure of his predecessor and this has been one of the most controversial departments in Washington. The large expenditures needed to finance his programs were indicated by Mr. Freeman from the start and if surplus reductions are managed, then the wisdom of his policies can be debated on the grounds that there is no short-cut solution. Positive results though temporarily costly have at least made some inroads even with almost perfect growing weather, and future programs will attempt to further reduce CCC stocks and cut treasury outlays without hurting farm income. This is a big order, but would be definitely worth-while if eventually there is a return to free markets.

Soybean inspections for export were announced yesterday afternoon at 4.1 million bu for the week ended November 10th, and this was below the previous week and compared with 6.4 million bu during the comparable 7-day period in 1960. Since the start of the season shipments are still 2.6 million bu ahead of the 12-month earlier period. Farm holding of this commodity is still an important item and in some country areas it is thought that the price will have to advance to around the $2.50 level before next June in order to force farmers to part with their crop. In other words, farmers want more than the net loan and high prices a year ago are an inducement to hold out for the government selling figure this season.

Germany is expected to buy possibly 50,000 tons of rye today, but there is as yet no indication of the origin of this grain. Perhaps quantities will be taken from Iron Curtain countries as well as the U. S. and Canada. Cash meal prices were about 50¢ lower in late trading yesterday, but had little effect on our futures at the start. Further USDA figures on wheat sign-ups indicate that participation in the program has been small. To participate, producers must sign up during the period set for their area and, of course, provision is also made for additional 30% voluntary reduction with special provisions for small farmers. It is not certain whether a farmer, once he has signed, can change his mind and resign from the program. In the overnight export news there was talk of substantial quantities of soft wheat being sold to Spain and smaller lots of hard wheat are being negotiated with Pakistan and Turkey.

Official figures indicate that gross farm income has risen faster than production expenses so far this year, and net income probably will increase more than 1 billion dollars above the 11.7 billion estimated for 1960. Record marketing receipts and increased government payments have helped growers and if these figures are borne out the net return could be the highest since 1953.

Markets were mixed and December corn stayed firm throughout the session, while beans declined. November, however, did gain on deferred months despite continued circulation of deliveries. According to the government weekly crop report, harvesting progress has been slowed by muddy field conditions except in our orthwest where 90% of the corn harvest has been completed in Minnesota and the akotas. Two-thirds of this grain has been gathered in Iowa and Illinois and about one-half of the Indiana crop has been picked. While waiting for an announcement regarding the German rye purchase, our market declined, as even if a portion is bought in this country supplies certainly are available. Broomhall points out that Argentina exported 583,000 bu of rye to Holland which percentagewise is a large amount in comparison with past performance.

According to the ASC a farmer can sign-up for 40% wheat reduction and before harvest cut it only 10%, but must divert that 10% to conservation use. If a farmer does not sign he cannot get the $2 loan even if he reduces acreage 10%.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 15, 1961

The production and distribution of food is the world's largest industry, and likewise in recent years it has become for many countries the world's greatest economic headache. Even in the U.S., whichis the wealthiest nation on earth, about one-fourth of all the economic effprt is devoted to this basic want, while elsewhere, and particularly in the poorer half of the world, a larger part of the people's time is engaged in a futile effort to maintain an adequate diet. It should be borne in mind that we eat on the average about 1,600 lbs of food per person per year, or roughly four-fifths of a ton. Just to provide for our annual increase in population at present rates of consumption, it requires an increase in food supply equal to the present output of all the farms in New Jersey, Maryland, and Delaware combined. A family of 5 persons consumes 8,000 lbs of food annually, and in addition to this, the average American housewife carries out about 1,000 lbs of garbage yearly. Thus it can be seen that the handling and distribution of food is a tremendous item even in our daily life.

It was only because farmers all over the nation were assured constant markets for their grain that we were able to grow the vast crops needed to satisfy our huge population. It is also abundantly clear that the loss of adequate markets through governmental intervention would bring abouta chaotic condition, and, therefore, this delicate mechanism should not be tampered with unnecessarily. As we have pointed out in so many of these letters, farmers at the present time are raising crops more for the loan than they are for the market, and we can see a great danger if this situation extends too far.

Before our market opened this morning, there was not too much to guide it. There had been some rains in the Southwest, and, in fact, some unwanted snows in parts of Texas, but, nevertheless, moisture in the fall of the year is very important, and it is unfortunate that conditions are not equally satisfactory in the spring wheat areas of both the U.S. and Canada. After a very dry summer, the fall rains have been insufficient, and, therefore, prospects for next summer's crops have been dimmed unless we get precipitation with intermittent regularity during the growing season. Farm selling was said to have picked up in a few localities Southwest, presumably for January 1st settlement, and tax factors also are important to many producers, but at the same time most stations in the area were buying only trivial amounts of wheat.

Flour export business was a little heavier and an additional big volume is in sight. This could help the market but by the same token, prices have reached a level where wheat could come out, although there is no assurance at this time that it will, at least until after the turn of the year. The Continent and the U.K. bought some parcels of soybeans overnight, and Continental countries also bought some parcels of milo. It is believed that Pakistan purchased wheat from Gulf and West Coast ports but there was no early confirmation. Winnipeg reported that there was a better demand for Canadian flax from the U.K. and it looked as though a large business had been done in linseed oil. On the other hand, Rotterdam prices were unchanged.

Primary receipts of wheat amounted to a little more than 1 million bu, which was slightly higher than last week, and likewise last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 925,000 bu.

There was no big feature to the wheat market, but some disappointed holders sold and support was only moderate even on the break. In beans we had comparative firmness in the nearby months, but the distant futures were lower. The country is still not selling, and as a matter of fact, one of the industries was a fairly good buyer of November beans, which was a stimulating factor. We heard some comment that CCC was making corn more readily available either in warehouses or on track after it had been loaded out. However, they were still not selling corn in terminal warehouses,such as Chicago, but apparently sales were being made at other locations. They claim that their general policy had not been altered in pricing, but that higher values had put the agency's prices more in line with the result that larger lots were now going into trade channels. We heard also that Germany would not buy rye today, and that their licenses were spread over about a month's period, so that any purchases would probably be made in parcel lots from time to time. This had the effect of bringing some selling into the rye pit, and in some cases declines were of moderate proportion. December corn was lower.

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CHICAGO, 4

November 16, 1961

The European common market now in its infant stages might develop into a very important economic organization. The objective of the six nations (France, Germany, Italy, Holland, Belgium and Luxemburg) is to increase food production at prices which will permit a free exchange between the nations. History has proven that wealth can be derived from the division of labor through trade and the elimination of natural barriers such as high mountains, tempestuous seas, and unfordable rivers. An economic unit thrives on its size and, the larger it is, the more advantages that can be derived. Early in our history the American states solved their problems in much the same manner, but they went far beyond the economic union in binding together politically. Perhaps this will some day occur among the common market countries, but at present the attempt is being made to eliminate tariff barriers that hamper trade. For example, the free exchange policies of the British colonies acted as a magnet and drew them together in years gone by with London as the financial center, and a great service was performed prior to World War I, coordinating production of half the world for the benefit of all. In recent years, however, the desire for political independence meant the creation of many small units with each trying to be self-sustaining.

While Russia screams about imperialism and colonization, they are doing the exact opposite of the British. In other words, the Iron Curtain countries are becoming politically united, which potentially could result in an economic unit six times as big as the U.S. State control will never replace the free price system for efficiency, nevertheless, the advantage of the division of labor can be obtained. For this reason it is important for the European common market countries to succeed, and with U.S. cooperation the outlook is optimistic. At the moment Great Britain, Sweden, Norway, Denmark, Switzerland, Austria, and Portugal form an outside group and have agreed to reduce and finally eliminate tariffs against each other. This might finally be a step toward the eventual union of these countries with those already in the common market and England has already petitioned to join. However, unfortunately the common market group, though having abolished tariffs against each other, has in effect formed a common tariff against all other countries. England might lead the other six countries in joining the European common market, but her economic ties with the Commonwealth have presented somewhat of an impasse because of her proud history. There has been some concern shown on the part of the United States, and the officials think that some loss in agricultural exports might develop due to restrictions, but the danger probably is overemphasized. As a matter of fact, trade restrictions would be on a united basis instead of being imposed by the individual countries, and the over-all advantages far outweigh any disadvantages.

Wet weather will delay corn harvesting which probably is close to three-quarters completed. The territory that supplies the Chicago market, however, still contains a good deal of unpicked corn. CCC selling has increased, offsetting country tightness. Moisture in the Southwest will benefit winter wheat, and, while a good deal of export business is being done, including the sale of 130,000 tons of hard to Turkey, domestic demand is slow. Cash meal was again lower, but our bean market probably will be supported on breaks as the country sells sparingly. Cash prices have advanced substantially since harvest.

Beans responded to buying after early weakness, and processors and locals helped but the nearby lost ground. On any weakness we would think that purchases offer little risk. As a matter of fact, the conversion ratio has improved recently. Some liquidation also occurred in rye during the early part of the session, but short covering rallied prices above last night's close. The Germans still have not purchased this grain as they had indicated they might earlier in the week, but evidently permits have been issued for about 40,000 tons, and apparently they are price conscious and not in much of a hurry. Rye in Winnipeg was lower.

Nearby wheat was more attractive and the improving moisture situation in the Southwest resulted in some selling of distant months, and the Oklahoma weekly crop bulletin talks of adequate subsoil conditions in virtually all areas. Corn eased with little special feature, and Broomhall reports exports of this grain slightly ahead of last season. Wheat shipments so far this season total 256 million vs. 208 million during the same period in 1960. Clearances of rye are running behind last year's rate.

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CHICAGO, 4 November 17, 1961

Many laws placed on the statute books are enacted at a time when tey are claimed to be only of temporary nature. Unfortunately so many of these emergency measures are never retracted, and this is particularly true of wartime excise taxes, which seem to become a permanent part of our lives. The same is also true of P. L. 480 which was originally a temporary measure (limited to three years) to achieve a rapid disposal of the accumulated stocks of surplus farm commodities in government storage. However, the program has been extended repeatedly and has been expanded in scope and now bears the banner of "Food for Peace." This year Congress extended the program through Decenber 1964 and authorized a total of $4.5 billion in sales for foreign currencies and $1.9 billion in gifts during this period.

In the year ended June 1961, exports of U.S. farm products under P. L. 480 were $1,355 million, or 28% of the total U.S. farm exports. During this fiscal year over two-thirds of P. L. 480 exports were sales for foreign currencies nd these amounted to $935 million, which was 3% above the previous high in fiscal ear 1957. The balance was relief or donations. What we shall ever do with all hese foreign currencies is a question we cannot answer, but it is probably correct o express that this foreign money is cheaper to store than the commodities that would otherwise have been accumulated. A record 335 million bu of wheat and flour were included in the above total. There was also 1.3 million bales of cotton sold under the program, which was the highest since fiscal 1957. In view of the fact that he administration has announc3d that it would place more emphasis on expanding exports of various commodities, we presume that the P. L. 480 program will become more and more important, and, therefore, it may never be taken off the statute books, despite the original intent to make it a temporary affair.

If China were ever recognized, we presume that our shipments of food to that country would become a big factor. It is thought that Communist China's present food production is substantially below the 1958 level, and only a few million tons above the 1960 total of 185 million tons. At the same time, there are 35 to 40 million more Chinese to feed than in 1958. The result is that food rations are less than 1.1 lbs a day, which is considered minimum for subsistence. Moreover, China has been forced toturn to capitalist nations to buy some 6 million tons of grain at a cost of about $350 million. It is, of course, difficult to say whether any of these figures have been colored, but at least we know there is a sharp contrast with several non-Communist Asiatic nations, such as Japan, Formosa, and India, and there the dramatic increases in industrial production and a steady rise in agricultural production have been very noticeable.

CCC has been selling a lot of corn during the past three days, and yesterday's liquidation was even larger than the day before when it amounted to 1 1/2 million bu. This, of course, comes at a time when the export sales are also healthy but the important thing is that trade views are borne out: namely, that the government has to get funds to reimburse itself for payments made to farmers for cutting acreage. In the Southwest, line elevators bought only trivial amounts of wheat from farmers, although part of this was caused by rain and snow over a wide portion of the area. In Chicago the bid for number two red wheat was raised to 2¢ over, with offers out of store mostly 3 to 4¢.

Primary receipts of more than a million bushels were about in line with last year but slightly less than last week. Kansas City and Minneapolis stocks so far this week show a net decrease of 264,000 bu. The visible when posted on Monday will compare with last year's decrease of 6.1 million bu.

Trade was only moderate. We heard from downstate that 85 to 90% of the corn was picked, and some small amounts were coming in. Of greater importance probably was government selling which caused a bearish feeling here. Wheat was also weak, and there was no particular pressure except that the bakery flour demand has slackened further, and family demand has just about dried up. There is on the other hand some good sized export flour business in prospect. A rather unusual incident was the arrival of a steamer of barley from France containing 237,000 bu. Beans were weaker influenced to some extent by lower prices for meal. There was a little processor buying however. Rye was very weak and while there may be some German business, it is thought that those purchases may not be made until there is a further decline.

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CHICAGO, 4 November 20, 1961

A good deal of snow fell over the week-end which is a little un-easonal and as a matter of fact, most of the grain belt including the Southwest has received moisture in some form during the past week or so. Some corn remains n the fields and this will delay harvesting. However, receipts, especially in hicago, are fairly large with 400 cars in this market this morning. Even more mportant is the fact that government has increased offerings again and for the eek ended November 10th, CCC domestic sales were 10 3/4 million bu. Probably ven more was moved into commercial channels last week. Since October 1st, 4 1/2 million bu has been sold compared with 9 million bu during the same period n 1960.

New figures have been released by the USDA reporting 367,316 heat-producing farms have been signed to divert more than 5.3 million acres un-er the 1962 wheat stabilization program. On basis of this perhaps a 10% smaller rop will be harvested next summer. Of the total number of farmers signed through ovember 9th, 19.6% of all farms listed are represented but this figure could be en-arged. Interestingly enough, a rather high number of producers can be found in the ed wheat area so that reductions of this type wheat next year could be important ercentagewise.

Production and utilization statistics covering soybeans have been entioned frequently, and it is known on basis of the most recent government re-ort that a crop of around 700 million bu was combined this fall. If crop and ex-ort estimates are reasonably accurate, the carryover of old crop beans next Octo-er 1st can be expected to be a new record, possibly as high as 75 million bu. With eavy impoundings probable, it is anticipated much of the reserve will be in the ands of the CCC. According to some projections, the 1961-62 export total might each the 175 million bu mark. Since overseas shipments of soybeans actually are uch greater when we include oil and meal, foreign demand is an important factor. s a matter of fact, about 53% of last year's soybean exports were in the form of il and about 20% meal, so that soybean oil makes up the largest portion of our soy-ean export market. Expanding demand this season will come from Japan and West-rn Europe, the two biggest takers of soybeans. Since Japan produces only about ne-fourth of their total needs and they no longer can rely on China, where failures ave reduced exports during the past two years, that country provides an important utlet for the U. S. With a growing livestock population in Western Europe, suffi-ient protein feeds must be made available and U. S. soybeans fill the gap. A fairly arge crushing industry exists on the Continent. As a result of the record U. S. ean crop, oil and meal supplies will be larger than a year ago with prices tending o be at lower levels. Meal can be expected to be much more stable without the adical price fluctuations witnessed last year.

Over the week-end Italy purchased 5 to 6,000 tons of corn from ur country, and a small quantity was sold to the Continent. There was little change n cash meal while red wheat maintained an especially strong tone, particularly in he central states and eastern markets. Farm selling of hard wheat in the South-west was slack while terminal and mill demand was filled by country longs.

This was the final day of trading in November beans and the nearby month lost some ground on deferred futures, and prices for this commodity were generally lower. Weakness in meal and oil influenced soybeans and logically some support might occur on any further breaks. Following an increase of 805,000 bu, Chicago stocks now total almost 11 million bu.

Local wheat supplies decreased about 1/4 million bu leaving 13 1/2 million bu in our market. Corn stocks increased a very small amount on balance to 16.1 million bu. There are now a little under 8 million bu of oats, but it is ex-pected that deliveries will be made on the December contract. Rye declined and there is no particular talk at the moment of Germany buying, which was so preva-lent last week, while supplies of this grain lessened by a small amount here, leav-ing under 1.8 million bu.

A good deal of the market interest centered around the expiring soy-ean contract and wheat though firm during most of the session drew only a small trade. There is a minimum amount of flour business at the moment, and a good deal of the futures transactions consist of spreading. Hedgers are attempting to go from December to March at 5 3/4 difference. The Chicago corn-hog ratio com-

pares unfavorably with last week and a year ago at 14.8.

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CHICAGO, 4 November 21, 1961

Despite the enormous supplies of wheat that have been built up in this ountry, it seems almost a paradox that free supplies are at the present time hardly ufficient for trade needs. This has resulted in both hard and soft winter values eaching the season's high. The tightness and strength seems to be more pronounced in cash than in futures, with no sign of easing for at least the time being, although vith prices in so many parts of the country above loan levels, there could easily be eavier offerings after the next calendar period. Sometimes we even find a gain in nomentum before Thanksgiving, but there have been no signs yet that the country is oosening up. Much of this, of course, stems from the many artificial factors surrounding the market and the fact that not only is the loan an encouraging factor, but ext year's support price will be even higher, and, of course, many producers are lso bullishly inclined because of the likely heavy cut in production.

While all of these factors are going on, many of the European countries are viewing the economic picture more realistically. The European common narket is already stimulating trade among the 6 nations. Britain, the biggest European country still on the outside, is negotiating to get in. If this were to happen, it vould sharpen the problem of discrimination facing U. S. exporters but would bring even broader political advantages to the association. The common market countries lready have lowered tariffs on trades among themselves. These now average about 40% under the duties on goods from us and other nonmember nations. The plan is to eliminate internal tariffs within six or seven years. Here at home U.S. officials eel that unless the President is armed with much greater tariff-cutting power than e now has, we may not be able to persuade the Europeans to lower their tariffs against us sufficiently. To keep the goods on a competitive basis in Europe, many officials feel that we must get the European countries to lower their tariff walls against us, but apparently the only way we can get them to do this is to offer them equal cuts on the sales they make to us.

Before our market opened this morning, there was not too much to guide it. The weekly export figure on beans indicated 6 1/2 million bu cleared, which compared with 4.1 million the week earlier and 4.8 million a year ago. The cumulative inspections through November 17th are 33.1 million bu vs 28.8 million for the same period in 1960. This in itself is not startling as the crop was much greater and to attain a figure of 175 million bu we would have to maintain an accelerated rate of about 35%. In any case, the market was firm this morning and the expiring November future did very little to bring about pessimism because Chicago supplies are building up rather slowly but even with only about 11 million bu here, we figure that the demand from Chicago will be slow for some time to come. Flour business was again reported as very dull, but the milling industry is operating at a heavy rate-- near the 7-day/maximum capacity for many plants. Cverseas shipments are keeping up at a good pace and a further heavy demand is in prospect. Among the takers are Indonesia and the UAR, which just recently received another authorization for 2.2 million cwts. At home eating habits do not change a great deal from year to year, and with the growing population, our flour consumption is a pretty constant factor.

Primary receipts of wheat were a little heavier at 1 1/2 million bu which was about the same as last week and compared with 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 534,000 bu. The wheat visible for the week declined 4 1/2 million bu but there is still 492 million bu in all positions which is a huge figure. Corn showed a small increase but total stocks are 29 million bu smaller than last season. The visible in oats declined to 26.5 mil. bu, and in beans there was an increase of 2.1 million bu.

Trade was not heavy but there was firmness all around. Some export business was reported with Japan buying 1/2 cargo corn while the Continent purchased some parcels of beans. The UAR took 4 cargoes of yellow hard wheat at the Gulf. Broomhall reported that 417 tons of Argentine rye was sold to Holland during the week following a slightly heavier shipment the week before. In wheat there was some commercial buying of the July future which was a help, and with generally light pressure markets were able to gain ground. There was a little better buying in corn and recently there have been some fair export sales while at the same time country selling has been small. Wet fields have again delayed completion of harvest in many of the corn belt states according to the weekly government report.

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CHICAGO, 4 November 22, 1961

Weather is again hampering the gathering of late crops, but most f the beans and the largest percentage of corn has been harvested. Seven-tenths of he yellow cereal has been picked in Illinois while about 75% of the Iowa corn has een taken in, but snow and rains are forecast generally and further amounts were eceived overnight. Firsthand selling has been light as farmers have succeeded in toring large amounts of their grain, and country pressure is never very heavy during the latter part of the calendar year. Of course, the CCC is still an important actor and, after disposing of large quantities during the past two weeks, they suddenly quit offering sizable amounts. They seem to have adopted their previously announced policy of selling without any particular pattern, attempting to keep merchandisers off-guard. This is their means of preventing large speculative profits from government programs. Public reaction to the current feed grain law will be tested next year when Congress votes on an extension of the present program, which runs through 1961. If not approved, the acreage retirement plan would be scrapped and farmers would revert to the unlimited acreage plan with lower supports which were in effect before Freeman took office. Country advices indicate compliance next spring will be less enthusiastic than last year.

A good deal of yesterday's wheat strength was attributed to a newspaper article discussing the possible sale of tremendous quantities of U. S. wheat to Communist China. The hunger problems in that country have been stressed and the Peiping government has been forced to use much of its low hard currency reserve to purchase food grains from Canada, Australia, and others. According to the Director of the U.S. Food for Peace Program, who spoke before a Board of Trade function last night, no official contemplation of such a deal between our country and China has or can be considered. As a matter of fact, under existing P. L. 480 and other trade laws, restrictions between U. S. and Russia and China in effect would prohibit such transactions.

In our Southwest firsthand and country elevator offerings are of minimum proportion and mill buyers have been more aggressive. At the same time export outlets are described as almost limitless so that demand for wheat to be used against foreign sales is excellent. Therefore free supplies are barely enough for trade requirements, and surprisingly farmers fail to put their grain on the market despite prices higher than the loan in many cases. Flour business of exceptional volume is pending.

Soybean news is a little more encouraging for longs with cash meal demand improved. The October soybean crush amounted to a record 36 1/4 million bu for that month compared with 35 1/2 million during October 1960. Stocks of this commodity are less than a year ago, and meal stocks are also slightly smaller while oil supplies at mills are only slightly in excess of a year ago.

According to Broomhall, weather conditions are satisfactory throughout most of Europe for planting and germination. Acreage estimates are scanty but predict increases in virtually all sections in comparison with last year by a moderate to good margin. Early harvesting reports are not complete enough to give a good enough indication of yields in Argentina but a larger wheat crop had been forecast.

Primary receipts of wheat totaled a little under a million bushels compared with a little over last week and 3/4 million bu a year ago today. So far this week Kansas City and Minneapolis stocks have decreased 655,000 bu.

A holiday type market prevailed with trade moderate and no particular news to affect commodities. With the exception of wheat, prices were mostly firm and nearby beans especially managed to rally for a while, but deferred months declined. Near the close all months were sold. Most of the product strength is in the meal. A little short covering occurred early in rye, but there is practically no mention of export news in this grain at the moment so that there does not appear to be much chance of a price trend. Encouragement also came from better prices in Winnipeg. Weather and curtailed CCC selling resulted in support coming into the corn pit, but we still feel that the necessity of government channeling of this grain into commercial channels will prohibit sustained strength. Otherwise local trade sentiment is a little friendly because pressure normally is lacking this time of the year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 24, 1961

While there will be no cut in income taxes for the present, taxayers will at least be relieved when the new reporting form is issued. The famous 040 report is to be cut from four pages to two, and smaller taxpayers will merely ave to file a card form on wages of less than $10,000. This is rather enlightening ecause the government has never been very concise in either its reports to the public or in the various returns that are required to be executed. Shakespeare once aid that brevity is the soul of wit, and much earlier in history Sophocles made the tatement that a short saying oft contains much wisdom. We recall a communicaion written by Abraham Lincoln in which he excused himself for writing such a long etter because he did not have time to write a short one. He practiced what he preached, and his famous Gettysburg Address contained only 226 words. Other great maserpieces were also short, and the Lord's Prayer has only 56 words, while the Ten Commandments, which set the whole moral code for mankind, used only 297 words. In contrast to this, a federal order dealing with the pricing of cabbages used 26,911 words, and the chances are that because it was so lengthy, few people ever read it.

There was not too much news over the holiday except that Yugoslavia will buy 500,000 tons U.S. wheat although the State Department has claimed that the terms have not yet been decided between the two governments. It is indicated, however, that our surplus wheat will be sold on basis of their currencies, which would be loaned back or given as grants to that nation. President Tito has charged that in delaying the sale the U.S. has sought to take economic retaliation against his country because of its ties with Russia. We also heard that the Embassy at Tunisia is in the market for 4 1/2 cargoes yellow hard winter wheat to grade number two or better. The trade is still watching carefully the government program in connection with corn sales. It is generally assumed that they will have to realize about $768 million. This is the amount that was paid to producers who retired corn and grain sorghum acreage, and, consequently, the liquidation must proceed orderly, but there is no definite period established for such sales. It is also believed that upwards of 600 million bu of feed grains may be sold from government stocks to meet requirements, and if an estimate of this kind is approximately correct, it would mean liquidation of about 50 million bu of feed grains each month from government stocks. Chances are that the sales will be made from points nearest the locations where either grown or stored, and that the usual and customary channels of trade and commerce will be used. During the past week, CCC through its Evanston Office sold more than 18 million bu of corn for domestic use, but present offerings have been greatly reduced.

The weekly Nebraska report tells of both corn and milo harvest being halted abruptly due to rain and snow about the middle of last week, while earlier progress was at a rapid pace. Chances are that about 80% of the corn has been gathered up to now and only about 5% of the milo remains to be combined. In Kansas, last week's snow and rain over the state benefited growing wheat but delayed harvesting of corn and grain sorghums, and will undoubtedly cause some increase in field losses.

Primary receipts of wheat were a little heavier at 1 1/2 million bu which was about the same as last year and compared with slightly over a million bushels last week. Kansas City and Minneapolis stocks so far this week show a total decrease of 624,000 bu.

Trade was extremely dull but there was general firmness except that December rye was sold by an export house, and this brought some selling into the Winnipeg market also. Their general moisture situation is very poor and this bears close watching. The ground in Canada is frozen, and even snows during the winter will have to be followed by more than average moisture during the spring and summer months in order to get average results. This could finally have considerable bearing on the wheat market. Today's prices were firm, and there was some commercial buying. Vietnam bought quite a little flour and so did Indonesia while the U.K. bought 15,000 tons of corn. Holland also bought 10,000 tons of sample grade white wheat. The visible supply when it is posted on Monday will compare with a shrinkage last year of 6.2 million bu. Flour business over the holiday was exceedingly light and almost near a standstill, but little attention was paid to this factor. Corn was very firm, and at the moment there is no pressure to speak of from any source. Soybeans remained firm.

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November 27, 1961

The most recent impounding report issued late Friday afternoon owed 241 million bu of wheat under government support through the end of October. his was merely an 11 million bu increase from the month earlier and is quite a bit ss than the 356 million bu placed under loan through October 31, 1960. Redemp- ons of almost 29 million bu might even enlarge as the price level with a few excep- ons in the Southwest is above the net loan and in many cases above the gross sup- rt price. For that reason it is unlikely that there will be a late rush to tie up this ain before the January 31st deadline. Because of the tremendous export volume id the fact that milling grind is running at maximum capacity, considerable wheat ust be redeemed to create a balance of free supplies with demand. For this reason arkets have been strong particularly in Minneapolis. Of course, Chicago reflects ed wheat supplies, which presently are adequate.

The amount of soybeans under loan as of the end of October was 16 illion bu, a good deal more than a year ago but this is not particularly surprising s the higher price support offered farmers this year will be an inducement to use is government program to a considerable extent. According to the American Soy- ean Assn. most reports confirm a strong holding tendency on the part of farmers. rom Illinois it is said that 40% of the state's crop is still on the farm and 15% in levators and one estimate is that processors have a three-months' supply, about e same as last year. In Iowa, producers are holding 85% of the crop and watching e market. Possibly 50% of their holdings will be impounded. A report from ansas states that the price must go up before the loan sign-up deadline January 1st in order to force first-hand selling, and in Ohio farmers are desirous of $2.50 r they will take the loan. It should be mentioned that not all of the crop has been arvested and especially in the northern states drier weather, the type received ver the weekend, is needed to permit final gathering of this crop and corn.

Probably the key to the soybean price pattern is the export outlook nd bean shipments are expected to be about 45 million bu above the previous sea- on's total of 130 million bu. Soybean oil clearances might enlarge by more than 00 million lbs. over and above the 750 million lbs. shipped last year. Even so, xcess supplies of both will keep prices from advancing more than slightly into the pring months. Soybean meal has steadied following early season fluctuations. A mall carryover from the previous crop meant that pipelines were virtually empty nd with the small September crush export commitments took most of the available upplies. However, when prices advanced some of this meal was diverted to domes- ic channels creating the pressure that reversed the price trend. With processor upplies temporarily adequate, further meal price declines might be likely until fter the first of the year.

For the week ended November 18th CCC corn sales amounted to 4 1/2 million bu domestically, about as much as any 7-day period and by implica- ions from USDA's comments on feed grain sales it is believed that further large iquidation of their holdings is pretty much of a certainty. This government agency as implied, however, that they will permit prices to generally follow recent sea- onal patterns of advancing after harvest, but except for a small recovery it is oubtful that much strength can be expected before the late spring months, possibly fter the planting of next summer's crop. Supplies of feed grains will be about 6 illion tons less than a year ago, the first reduction since 1952 and at the same ime the number of grain consuming animals probably will be 2% higher during the 61-62 period, so that some inroads must be made, all of which would help the ver-all situation.

During the week Chicago wheat stocks declined 731,000 bu leaving total of 12.8 million including that which is afloat. Despite these supplies, the earby month has been purchased in large quantities by one house, and consequently e discount has narrowed between December and deferred months. This seems to e the pattern in other pits as November beans did not reflect much of a carrying harge until its expiration, and now January has gained on more distant futures even hough more than 11 million bu are in this market. Actually stocks of this commod- ty increased 262,000 bu with a large quantity of afloat beans being included in the hicago figures. Local elevator corn supplies increased 1/4 million bu to 16.4 mil- lon, but here, too, the December futures has been well supported in relation to ther months. Chicago oat stocks decreased on balance while little change was egistered for rye.

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November 28, 1961

Despite last summer's near-disaster spring wheat crop, which was own to 153 million bu, this country had a total wheat production of 1,210 million u. On the assumption that under the new farm program acreage is cut about 10%, : is reasonable to expect that we might raise at least 1,090 million bu of wheat in 962, and even if acreage is cut as much as 15%, we should have an outturn of over billion bu. Technological developments have been largely responsible for the big ncreases which have taken place in this country. If we reflect for a moment, it vill be remembered that in 1939 when World War II broke out in Europe, American armers produced only 740 million bu of wheat on 52 1/2 million acres. In 1959, on bout the same acreage, they produced some 50% more. In 1958, on comparable creage, the wheat crop hit 1 billion, 460 million bu -- nearly double 1939. All his was done with a gradual reduction in the number of farm workers, and they otal today only 7 to 7 1/2 million men and women. A manhour of farm labor now roduces nearly three times what it did two decades ago.

In order to reduce our surpluses, it will cost a vast amount of noney, just as the reduction in corn meant the payment of about $750 million to armers to bring about the change. Of course, the situation in wheat was becoming ntenable. Our domestic consumption was about static and even though exports vere increased year by year, accumulations were piling up and the total wheat program was costing about $1 1/2 million a day, which was adrain of tax dollars at the ate of over $1,000 per minute. It remains to be seen whether the production of crops will be commensurate with the reduction in acreage because obviously, the oorest lands will be taken out of cultivation. Furthermore, it cannot be stated lefinitely whether the cut in storage costs will offset the disbursements being made o farmers to carry out the programs undertaken. There can be little doubt that he expenditures will be heavy, as they are in almost every endeavor which the government is supporting. It reminds us of a well known quotation that a miser is not much fun to live with but he makes a wonderful ancestor. We are thinking more in terms of future generations as our national debt increases, and we are also thinking of the farmers as well who are being regimented and who are experiencing ever tighter government controls and socialization in agriculture. This question is of the very deepest significance to all of us in this nation, and, indeed, to the entire free world. Surely freedoms cannot be maintained by simple shortcuts that attempt to bypass basic eternal truths. Whether we in this nation keep our freedom and the freedom to choose where we will go and how we will earn a living, what we will do with our savings, and how we will spend our leisure-- may depend to a significant degree on how our government in the years ahead approaches the farm problem.

Late yesterday the government published weekly export figures on soybeans and shipments of 5.6 million bu were only slightly larger than last week, but the total so far this season is about 5 million bu greater. This is not too significant a figure considering that the crop is so much bigger. There are some analysts who believe that the extra beans promise to yield so much oil that overall supplies of food fats probably will far exceed commercial needs, plus the government's capacity to get rid of them through "give-away" and "barter." There were some parcels of soybeans sold to the Continent for December shipment, also parcels of soybeans and corn sold to Japan. In the Southwest, farm holdings showed no signs of easing, and according to one authority the truck flow in Texas and Oklahoma was falling off after showing a brief spurt.

Nearby wheat was again strong in comparison with deferred months and purchases were reported by a house that has been a fair buyer in recent sessions. Mills also bought some. Rye rallied, but local short covering was featured and chances are there will be some deliveries on the December contract, and without new export business there is little incentive to buy this grain. Corn was under pressure even though the government weekly crop report indicates that little harvesting progress occurred. However, weather will permit field work to resume. About four-fifths of the crop was picked by the end of last week in Nebraska, Iowa and Illinois, and slightly less in Indiana and Ohio. The Census Bureau report shows soybean oil stocks well in excess of a year ago and this bearish statistic along with a reduction in the cash meal price resulted in lower prices for the products. Soybeans declined in sympathy but country selling is light.

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DAILY MARKET LETTER

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MEMBERS:
CHICAGO BOARD OF TRADE
ALL PRINCIPAL COMMODITY
EXCHANGES

November 29, 1961

Yesterday the President ordered the Treasury Department to discon-
nue selling government-owned silver in order to divorce this hard currency from
ie nation's paper money system. This will put further emphasis on the slogan,
In God We Trust" found on all coins. At the same time it will mean that greater
emand for this raw metal will be reflected in higher prices for photographic film,
lectronic equipment, jewelry, and silverware, etc. This action is an attempt to
reserve the remaining supply of silver in our country which has declined to 22 mil-
ion ounces from 123 million ounces on hand at the start of the current year.

The economy of our country is complex and is molded by the many
acets of government and business, and which are influenced by forces both within
nd outside of the U.S. We are currently living in an era of inflation more pro-
ounced than ever before, and there is little immediate chance for correction be-
ause we must spend huge sums of money to meet demands of sustaining democracy.
'ortunately our free enterprise system has enabled us to meet most of our needs,
ut not without repercussions. For example, the aid to lesser developed areas,along
vith other necessary expenditures for defense, etc., has resulted in indebtedness
s well as the flow of hard currency from our shores. During the last political cam-
aign emphasis was focused on dwindling U.S. gold supplies, and promises were
nade to stem the flow, but since that time gold supplies in our country have declin-
d even further, and last week dropped below the $17 billion mark, for the first
ime in 22 years.

Much of the interest at the opening of our market centered around
ye as local short-covering and commission house buying was featured late yester-
lay. Further strength was displayed at the start this morning. However, there
ıas been no mention of export business and certainly deliveries on the December
contract will influence prices. Some soybeans were sold to European buyers, and
apan bought a small amount overnight, but processors and exporters evidently are
emporarily well supplied so that the lightness of country offerings has had little in-
luence on futures prices, At the same time, products are in abundant supply and
some longs have become discouraged.

Clear weather will permit additional field work, and about 20% of
he Iowa and Illinois corn crop was still in the fields as of Monday night, but much
of the remaining grain, as well as scattered fields of soybeans, will be combined
presently. European reports indicate larger acreages of fall planted crops com-
pared with last year, and condition generally is satisfactory.

Further sales of wheat have been consummated and authorization
vas issued to Formosa on 50,000 tons of soft white and 50,000 tons of hard wheat.
The USDA has released later figures on wheat acreage diversion showing that about
23 1/2% of the eligible farms have signed for the 1962 compliance program. Domes-
ic demand for Canadian feed grains continues with offerings lighter than they have
been as crops in that country were small. At the same time rye seems to be follow-
ng the trend of the Chicago market, and, of course, export demand for this grain
n Canada is momentarily lacking. The German purchase which had been con-
emplated has not developed as yet, although Broomhall quotes official West German
sources as saying that seasonal needs will total 6.3 million tons of grain compared
with 3.7 million tons last season. Included will be 1.7 million tons of wheat, 4 1/4
million tons of feed and industrial grain, and 410,000 tons of rye, which for the
atter is a smaller figure than had been rumored by some sources.

Much of the trade was in feed grains, and oats in particular were
weak probably because fairly large tenders on the December contract are indicated
for tomorrow. Corn also declined and all months with the exception of December
registered new crop lows. However, country pressure is light and about the only
source of supply is the CCC. Soybeans held as the products were subjected to some
further liquidation, and following the opening activity, rye steadied with deferred
months losing ground. There is little new to report in wheat, and prices were
pretty much unchanged. Mills and commission houses displayed a more extensive
demand in Kansas City with support evidenced under the market.

USDA reports P.L.480 negotiations shortly will be in full swing
with Poland and Yugoslavia, and each of those two countries has requested about
1 million tons of wheat, but the former may take less as they purchased 450,000
tons elsewhere.

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November 30, 1961

For the past decade or more wheat surpluses have been accumulating, and it is not surprising at all that there is enough in storageto meet domestic needs for two years without producing another kernel. Exports of wheat during the last fiscal year set a new record, and according to all evidence at hand, we shall surpass last year's record during the current season, as the clearances to-date since July 1st have amounted to nearly 285 million bu, which is approximately 54 million greater than in 1960. The showing made by the 5 largest exporting countries would indicate that total world trade will again be very big for these nations have shipped 465 million bu of wheat since last August compared with only 359 million a year ago. As far as the price level is concerned for next year's crop, there are a number of factors to be considered. First of all, it is becoming clearer each day that Canada because of last summer's poor showing will have a greatly reduced carryover reserve, but probably of equal importance is the fact that fall moisture in the three Provinces has been far short of normal and with the ground now frozen hard, even snows will not do too much good, so that a great deal will depend on the spring and summer rains in those areas during 1962. Should another disaster occur it will naturally influence the export movement from the U.S. and could easily bring a larger demand to this country.

Even at the expense of repetition, we should like to call attention to the fact that in general the 1962 Wheat Stabilization Program provides for reducing wheat acreage below the national minimum allotment of 55 million acres. Payments are made to producers who divert acreage under the program to conserving uses. Price support at a national average level of $2 per bu will be available to producers who participate in the 1962 Wheat Stabilization Program. Inorder to participate in this program, producers must sign up during the period set for their area. The preliminary figures indicate that the land retirement will be very heavy, but, of course, some wheat was planted before the period of sign-ups, and to what extent farmers will plow up acreage in the spring remains to be seen. In any case, they willsurely retire the poorer acreage and let the better fields run through maturity. The program which was approved in a referendum by producers last August required a mandatory reduction of 10% from the acreage allotments established on basis of the 55 million-acre national allotment. Thus producers who plant within their allotment will be able to market their entire production without marketing-quota penalty. There is also provision for up to an additional 30% voluntary reduction, with special provisions for small farms permitting up to 10 acres reduction in line with the farms' wheat acreage history. While it is quite likely that we shall again have a very large reserve of hard winter wheat and possibly a somewhat bigger reserve of red wheat, it should be borne in mind that the production of soft wheat in 1962 may be very materially curtailed, judging from the early reports from such states as Illinois, Chio, Michigan, etc.

Corn exports for the week were heavy and amounted to more than 3 million bu. Since October 1st, we have shipped 42 million, which is roughly 3 1/2 million higher than a year ago. Exports of oats are less than half what was shipped last year and the same is true of barley but rye clearances are just a shade arger and amount to 3 million bu since the 1st of July.

Primary receipts of wheat were 815,000 bu; a week ago was Thanksgiving Day; a year ago receipts were 779,000 bu. Kansas City and Minneapolis stocks so far this week show a decrease of 1.1 million bu.

Trade was not too active, but with tenders of 840,000 bu against he December wheat contract, the nearby month weakened a little as compared to he more deferred futures. Corn was very steady and there was a good class of uying late in the day. The heaviest deliveries came in oats where up to noon 4 million bu had been put out. This brought some liquidation into the nearby future, and it enabled hedgers to change over to March at about 4¢. There were tenders of 20,000 bu of rye which was about as had been expected, and caused weakness arly, but markets reacted. The South African Information Service reported that with a record corn surplus of 14 million bags, there would be some heavy selling undertaken during the next few months by the Maize Control Board. The CCC Office at Evanston was said to have sold on November 28th 77 cars of corn and ,600,000 bu otherwise. At Kansas City weakness in wheat was caused by liquidaion on redeliveries. Flour business was said to have been fairly brisk.

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MEMBERS:
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December 1, 1961

A greater knowledge of agriculture and federal farm policies by the public would be desirable. It is true that farm population has diminished over the years to about 7 1/2 million producers, but even so, agriculture is the nation's biggest business--$100 billion plus a year. The Commodity Credit Corp. is second in size as a corporation only to the Federal Reserve. Except for defense expenditures and interest on the national debt, farm spending is the next largest item. Four out of every ten persons employed are engaged in some form of enterprise directly related to agriculture either in production , marketing, transportation, or selling and servicing the things farmers buy. Only one in ten is directly responsible for output of foods and fibers, but goods must be moved from farm to market and this feat along with processing and distributing is part of the vast network. For this reason farm income, purchasing power, land value and net worth, etc., are important features of our country's economic structure. Related programs and government participation should not be discounted or ignored. In other words, expenditures should be scrutinized and understood by all, and public demands must be made to preserve free markets and enhance the role of American agriculture which is important to the entire world. After all, U.S. farm methods have brought about modern results and provide knowledge for other countries in making food available.

Yesterday tenders were announced on December contracts and the main surprise was in wheat where deliveries amounted to 2.6 million bu, a good deal more than had been expected. More than 4 million bu of oats were tendered and they fell into weak hands as retenders were also large so that this grain circulated rather freely. Much of the 370,000 bu of rye put out went largely to houses that are expected to retain this grain at least for the time being and for this reason it is difficult to be opinionated as to the course of December rye with stocks in Chicago rather small. A total of 237 lots of oil resulted in liquidation of this product on the opening, while meal was again firm at the start as no deliveries were announced.

Weather is still mostly clear and despite some scattered amounts of moisture in the forecast, much of the final corn and bean harvesting is being accomplished. Country sales of both commodities are small, but CCC corn offerings appear to be sufficient to take care of most needs. There is nothing new in the southwestern wheat situation with farmers holding tenaciously and export demand continues at a brisk pace with some sales of red wheat included in the overnight announcements and negotiations for hard wheat being carried out almost constantly. If farm selling of hard wheat is going to pick up after the first of the year, there is no indication of their intent at the moment and cash prices often above the loan encourage their holding at least until the January 31st loan sign-up deadline. Redemptions continue at about the same rate as new impoundings.

Dry conditions in Canada are emphasized from time to time and the Wheat Board in that country has advanced offering prices and there is some talk that if another small crop is raised that farm sales of this cereal might be rationed. Of course, beneficial rains during the spring months could improve subsoil deficiencies. In the meantime, flax prices have declined but export demand might steady Winnipeg flax. Their rye market seems to be following ours with no export business pending.

When the wheat visible is posted Monday it will compare with a decrease of 5 1/2 million bu in 1960. Wheat primaries were announced at less than a million bushels, about in line with a year ago but less than the 1 1/2 million bu of a week ago today. So far this week Kansas City and Minneapolis stocks decreased 1 1/4 million bu with the largest amount being shipped from the latter market.

The Argentine government in its first official forecast placed flaxseed production at 27.5 million bu compared with last year's crop of 22 million bu.

A good deal of trade occurred in rye with the market easing near the close. Activity in corn was quite good for a while with liquidating orders in the nearby being taken following early weakness, but little recovery occurred. Wheat was very weak influenced in the main by yesterday's deliveries. The strength in soybean meal persisted, helping keep beans firm until the last when a lower oil market resulted in local selling of soybeans. So far oats have responded satisfactorily to the large deliveries although values have declined recently.

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MEMBERS:
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EXCHANGES

December 4, 1961

Under our free enterprise system America almost from the start lunged into her dynamic future. By the turn of the 20th Century we had become a remendous and colorful example of the free enterprise system at work and had ttained pre-eminence in the entire world. The steel furnaces in Pittsburgh alone utproduced those in England and Germany combined. New manufacturing marvels f every sort had been invented and were already in production. Our Founding athers had the foresight to start us on the right track and early in our history homas Jefferson advised us not only that the government governs best which gov-rns least, but warned against the dangerous situation which haunts us today. In the ords of this great statesman: "I place economy among the first and most impor-ant virtues, and public debt as the greatest of dangers to be feared. To preserve ur independence, we must not let our rulers load us with perpetual debt. We must ake our choice between economy and liberty, or profusion and servitude. If we an prevent the government from wasting the labors of the people, under the pre-ense of caring for them, they will be happy."

Through the long years that followed most of our Presidents and eaders had the same philosophy, and even as late as 1950 President Kennedy when e was a Senator from Massachusetts, made this statement: "Every time that we ry to lift a problem to the government, to the same extent we are sacrificing the berties of the people." Despite all this we find that since our entry into World Var II, our economy has been under some form of price or wage controls for eight ifferent years. Agricultural price support programs actually commenced with the ew Deal, but still exist to this very day and are being further implemented. One n every six employed Americans is now on a government payroll - either national, tate, or local. Today, over 17 million people are receiving checks from the ederal government. The annual federal aid to states, localities, and individuals, hich amounted to less than $150 million in 1930, has now soared to around $10 illion - more than the total budget of the federal government in any one year prior o World War II. In the field of Social Security money was never set aside for its ntended use and has long since been spent on innumerable government projects. urrent Social Security payments already exceed current Social Security tax collec-ons. We know, of course, how the federal debt has increased, largely due to wars, ut in passing merely mention that when F. D. R. came into office, our national debt as $22.5 billion, and today is around $300 billion. The interest that we now pay n our national debt alone is twice the amount of the entire federal budget when resident Roosevelt came into power, and no substantial effort has been made in ecent years to pay it off. Actually, a further deficit of $7 to $10 billion is in sight nspite of the fact that business is doing well and the gross national product is vir-ually at top levels. Experience should teach us to be most on our guard to protect berty when the government's purposes are beneficent.

There was not too much news over the weekend but apparently the overnment selling of corn, which became a little more pronounced on Friday, had ome influence on our market this morning. Also, the circulation of deliveries in heat and in rye caused some selling by longs, in spite of the pending export busi-ess in wheat and in flour with additional large authorizations to the UAR, while urchases by the Indonesian Supply Mission are expected to take about 5 cargoes of our shortly.

According to Broomhall, the heavy rains that recently occurred in ew South Wales, Australia, caused flood damage and reports indicate that several illion bushels of wheat has been either destroyed or partly damaged, while an dditional several million may be under average quality.

The visible supply of wheat showed a decrease of about 7 million bu ut total stocks are still very large although about 9 million bu smaller than last year. he corn visible showed an increase of nearly 2 million and in beans there was a ecline of 2.1 million bu.

December wheat was a little weak early but recovered, and the hole market was firm on the pending export sales. Beans were weaker and there as some selling despite the strength in meal, but the market was narrow. Corn eclined. The rye market was mostly local and weak early in the session while in orn a Northwest broker sold the nearby month. The wheat crop estimate for rgentina was given officially, and it looks as though the yield would be 187.4 mil. u which would compare with 145.1 mil. a year ago, and 214.4 mil. bu two years ago.

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MEMBERS:
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EXCHANGES

December 5, 1961

Inspections of soybeans for export continue at a pretty good clip with almost 6 million bu reported for the week ended December 1st, which is slightly more than both last week and a year ago. A downward revision means that shipments since the start of the season are now running 4 1/4 million bu above the same reporting period 12 months earlier. There are still some soybeans in fields that are too muddy for work to be finished, and consequently, some small losses might result in a further reduction in the government's final crop estimate based on December 1st conditions. In the mid-southern and eastern coast states anywhere from 5 to 20% of the crop remains to be combined, while approximately 5% was reported standing in Iowa and a number of fields are left to be finished in Illinois, Indiana, Ohio and Kansas.

The critical agricultural situation in Communist China is still discussed frequently, and, of course, will affect the world soybean market during the current season. Consequently, a keen demand will exist for U.S. beans and comparisons should be especially favorable during the spring and summer months as against this year when short supplies and high prices meant shipping curtailments during the latter part of the previous crop year. Our Canadian friends write that the extended drought in China has resulted in unprecedented demand for their wheat and flour and even though most of the contracts between those two countries have been completed, China would take more of that cereal if they could arrange satisfactory financing. A problem exists because Canada has only 496 million bu of wheat available for export and carryover versus 777 million bu on this date a year ago, and a sharp reduction in their reserve at the end of July to under 300 million bu can be projected. It is much too early to forecast production next summer in that country but prospects are very poor at the present on the basis of ground conditions and moisture reserves are about as low as ever for this date. Even last year had it not been for moisture stored on summer fallow land, many fields would have been almost a complete failure. This year subsoil reserves often are nonexistent so that only ideal weather during April and May as well as through the summer months can give Canada an average wheat crop. Washington sources point out that livestock men north of the border are expected to step up imports of U.S. oats and corn because of short feed grain supplies as a result of the drought in the Prairie Provinces. The amounts involved are not particularly large, but they do reflect the conditions.

Government sales of feed grains are heavy and as a matter of fact corn offerings by the CCC are the main source of supply. For this reason our market has declined and loading orders from country points evidently are greater than the demand. Sales of federally-owned feed grains must continue as $768 million is needed to pay producers who retired corn and sorghum acreage. Therefore, more than 600 million bu of feed grains must be disposed of from CCC stocks to meet these requirements. This amounts to 50 million bu per month and this grain is stored mainly in off-farm positions; about 1/2 in commercial warehouses and the rest in federally-owned bins. Because of the program, farmers who complied will retain much of their corn for the government loan program or for feeding and for this reason new crop offerings are especially light even though this is the harvest period. The same is true for other grains with wheat holding in the Southwest such that cash prices in some areas are the highest in a number of years.

Primary receipts of wheat were 1,115,000 bu versus 1,019,000 last week and 789,000 bu a year ago. Kansas City and Minneapolis stocks of wheat have decreased a total of 149,000 bu so far this week.

The primary feature of our market this morning was the strength of nearby soybean meal futures with the processors once again the best buyers of December. Cash meal was 50¢ to a dollar higher as the spot demand continues strong. Soybeans were only fractionally higher, and did not keep pace with the products. However, if the demand for cash meal remains strong, crushings could continue at a high pace. Rye was strong early in the day but best prices did not hold and although Chicago stocks are relatively small at this time, the final outcome for this cereal is still uncertain. Corn continued under heavy hedging pressure and new lows for the season were recorded for December and March. Oats were up only slightly as they seem to have trouble recovering from the recent heavy deliveries. Wheat continues firm with some export business being done almost every day.

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EXCHANGES

December 6, 1961

Corn futures went into new low ground for the season, and the obvious reason for the weakness is the continued government selling, which has been depressing prices now for quite a time. Whether or not the new corn program will be a success remains for the future to decide. A reduction of 13 million acres brought the harvested acreage to 58 million, which was the smallest corn area harvested in the 1900's. However, yields were at an all-time high of nearly 61 bu per acre. Thus far every time we have had either voluntary or compulsory reduction, farmers have used their best lands and have retired the poorest. They have also used better and more fertilizers, cultivated the soil more intensively, so that the reduction was seldom if ever commensurate with the smaller plantings. Of course, if we had had adverse weether, it could have been a different story but up to now providence has not frowned on farmers except that we have had droughts in our Northwest and in Canada.

The world corn production in 1961-62 will be somewhat below the record achieved the year earlier, according to preliminary forecasts. In other words, the outlook is for a total of slightly over 7 billion bu of dried corn compared with 7.5 billion last season. It should be noted that this is the first estimate which covered corn for grain only. Formerly U.S. estimates covered corn for all purposes. In any event there were larger outturns in Mexico and Canada, which slightly offset the substantial reduction in the U.S. crop, but still North America had a lower yield now calculated at 3,874 million bu. There were also smaller harvests in Eastern Europe, so that together with the cut here in the U.S., this accounts for most of the reduction from last year's recent record crop. Even with our much smaller harvest, the U.S. produced more than half the world's total. A record carryover in the U.S. on October 1st maintained supplies for the current season at a high level, which now are only 2% below the record supplies for 1960-61. On the other hand, the large surplus available for export should meet less competition from the Danube Basin countries where production is considerably smaller than the bumper crops of the past two years. It is naturally too early to have dependable estimates for Southern Hemisphere countries, where harvest does not begin for several months. We are thinking now mostly in terms of Argentina, although should mention that the Republic of South Africa, where about one-third of Africa's total is produced, does not begin harvest until next April. Therefore, conditions during the next few months will determine the final outcome. In passing it should be noted that the present outlook for South Africa is for a much larger than average production, if for no other reason than the acreage is so much bigger. We have not spoken of Australia for the reason that corn is of minor importance in that country, and probably no more than 6 million bu will be raised even with good average conditions.

According to the Iowa weekly crop bulletin, 85% of the corn in that state had been harvested but in Kansas where they have had a good deal of rain, nearly half the state's corn crop is still to be gathered. There is danger of lodging as the wet ground had caused rotting of the roots. Secretary Freeman announced increases in durum wheat acreage allotments as well as in supports for the 1962 harvest, in order to encourage more production of this type of wheat, which is in short supply.

Primary receipts of wheat were rather light at 713,000 bu which compared with 892,000 bu last week and 967,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 336,000 bu.

Trade was very moderate in character. Wheat futures were higher and there was a reasonable amount of flour business passing although most buyers are now covered for the next 3 or 4 months. In any case we found further business by milling interests both here and at Kansas City this morning in the way of acquiring futures. Broomhall's Foreign Crop Summary spoke of moderate to heavy rains over large sections of Europe last week, and the moisture seems to be favorable except where some replanting may be necessary. Harvest in Argentina is expanding under mostly favorable conditions. Corn, as stated earlier, was under pressure, and buyers are naturally reluctant to commit themselves with the government the main seller. Beans were mixed; the deferred futures were a little firmer in relation to the nearby. Not much attention was paid to a reaction in soybean meal because recent advances have been pronounced. We understand, but find it difficult to get details, that some barges of rye are headed for Chicago.

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MEMBERS:
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EXCHANGES

December 7, 1961

Eating habits of all people depend on their living standards, and that, of course, is why the average American has a better diet than people in most other lands, and also why average food intake in this country has improved. For example, per capita consumption of meat in the U.S. had increased from 164 lbs annually a decade ago to 198 per person in 1961. Even in this category statistic changes show that people gradually can afford better quality meats, and beef consumption has risen from 56.1 lbs per person in 1951 to 87 lbs per capita currently. Consumption of poultry also has improved while less pork and veal is used. The expansion of meat production to record proportions is due in large part to cheaper feed grain supplies that have been available in abundance. This has permitted a greater number of meat animals and has helped in the larger consumer demand for meat. There are other factors such as excellent weather which permit better grazing conditions, but basically we are fortunate that our economic standards permit us to include better foods in our daily menus, and especially since in some countries individuals are fortunate if they have meat more than a few times during an entire year.

There was no important news overnight and markets were little changed at the start. Corn cannot show much more than possible technical improvement as long as the CCC continues to offer large quantities, and they continue to sell big amounts from their burdensome stocks. The first large tender of this cereal on the December contract was made yesterday afternoon, and the 1,770,000 bu delivered probably will cause some further liquidation in the nearby. So far no soybean meal has been tendered, and consequently the December contract has stayed firm and lack of deliveries has resulted in short-covering. At any rate this has had an influence on deferred months to a lesser degree, and soybeans have been almost indifferent to the strength inmeal and oil during the past few sessions. However, the latter product was lower at the start this morning.

Most of the news in wheat centers around constant export demand, and Germany is expected to purchase 68,000 tons of this grain, with origin undetermined. Overnight some West Coast white wheat was purchased by India and the Continent bought parcels of corn. Flour sales overseas were small but business is pending with some fairly large amounts being negotiated. At the same time Portugal is reported to be urgently seeking red wheat but authorizations for sales of this type are slow to develop because the Agriculture Department is cautious depending on 1962 crop conditions so that a safe supply of red wheat will be carried over. Small offerings in the Southwest and a good mill demand the past two days have helped our market, but most of the flour commitments are being made for the next three months.

There is no important weather news except that lower temperatures are forecast for most of the grain belt. A good deal of discussion has centered around 1962 price supports, and reportedly Secretary Freeman has made no indication of any changes with the possible exception of a lowering of the cotton loan, and it is mostly thought by his associates that no other major changes are being contemplated.

Primary receipts of wheat amounted to 742,000 bu, a little less than last week and the same as a year ago. Kansas City and Minneapolis stocks have decreased 380,000 bu so far this week.

Our rye market advanced early in the session influenced largely by higher prices in Winnipeg the past two days where short covering was the main feature. There was no news of exports. Soybean meal advanced with the nearby becoming very strong, and deferred months were up lesser amounts. Oil was lower and beans, which have been indifferent, finally improved about 1¢ near the close.

Wheat remains rather firm and exporters tell us they think that the demand for red wheat will be significant, but so much is dependent on government authorizations. However, if sales can be made for dollars, then our market will be influenced. Corn again declined, and new crop lows were recorded, but despite the weakness in this feed grain, oats are rather well supported.

The mills were reported as best buyers in Kansas City wheat during the morning, and Colombia bought 600,000 bu of Gulf hard. Bakery flour demand probably will fall off following heavy purchases by a ranking chain.

UHLMANN & CO., INC.

DAILY MARKET LETTER

MEMBERS:
NEW YORK STOCK EXCHANGE
MIDWEST STOCK EXCHANGE

UHLMANN & CO., INC.
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CHICAGO, 4

MEMBERS:
CHICAGO BOARD OF TRADE
ALL PRINCIPAL COMMODITY
EXCHANGES

December 8, 1961

The whole wheat problem is at this time beclouded by both real and artificial factors. Nobody can tell with much certainty whether our country will have a reduction of 5, 10, or 15 million acres for the 1962 crop and, even when the government report is issued on December 19th, giving the seeded acreage and indicated production of winter wheat, we shall not be able to reach a final conclusion owing to the fact that farmers may have planted more than they actually intend to harvest next summer. Thus the preliminary estimate will be of less use than in ordinary/normal years. Secondly, we have continued reports from Canada stressing the dangerously low subsoil moisture position, and unless that country has abundant rains in the spring and summer months, they could easily face another failure crop, which would come on the heels of a very small carryover, probably the smallest in many years because of the heavy exports that are now taking place and the poor crop that was raised last summer. It is probably a fact that the European common market will to some extent interfere with our full exports, but here again the situation may not be simply stated because there is already some anxiety and tense feeling over individual aims of some of the countries, particularly those who either import heavily or are exporters of wheat and other grains. For example, there is a serious conflict between Germany and other member countries mainly on the price of wheat. France wants to open markets for its surpluses, while Germany, which is a heavy importer, is reluctant to bring its price down and is also reluctant to buy from countries whose purchases of wheat and other agricultural products are the only way to pay for exports of German industry.

These problems of farm surpluses within the European common market will grow, and there will be a large reduction of import demand from overseas as time goes on. It should be noted that the European community produces about 90% of its annual wheat requirements, but obviously in a good year it could amount to more while in a bad year it would be less. Also the community produces 80% of its coarse grain requirements, but there is plenty of scope for expansion as the corn crop in France is gaining ground at the expense of barley. There is no doubt that one of the reasons the government subsidizes grain to be grown in Europe, (which is uneconomical) is almost entirely for strategic reasons. Germany, Holland, Switzerland, and the U.K. always emphasize the need to have their own home crops in case of an armed conflict. On the other hand, the main argument in France is to keep producers prosperous, and,therefore, the export market is such an important factor.

The question that is brought up by one of our friends abroad is that there is probably no reason merely to grow grain for strategic purposes. He points out that any conflict would be a nuclear one and probably of short duration. Therefore, a large stockpile strategically would be much more useful than to grow grains on unproductive soils on account of U-Boat danger. We mention these uncertainties at a time when the U.S. support level for the next wheat crop will be much higher. It cannot be foretold at this time whether the enormous demand for U.S. wheat now being experienced will continue, nor can we be sure that the policy of the U.S.Department of Agriculture involving the spending of some hundreds of millions of dollars to compensate farmers to reduce 1962 wheat production will work out to our best interests. The mandatory acreage cut will be 5 million acres as compared with 1961, and could, of course, be ever so much larger. All this makes present forecasts extremely difficult, if not somewhat impossible.

There was not much to the statistics, and primaries in wheat were about comparable to last week and last year. Winnipeg rye was very strong and this had some influence here. In fact there was considerable confusion right after the opening with brokers trying to fill a large number of orders at hand. Wheat was generally lower, and it is felt in some quarters that after the recent large mill buying bakery sales will drop off. Most of the trade now is booked for the next 4 months ahead. The CCC continues to sell very large amounts of corn to trade interests. This naturally had a depressing effect on futures although the December delivery was a little higher, but the rest of the list was off. At Kansas City elevators and hedgers sold wheat futures while one exporter and one big mill interest seemed to be the best buyers, but the tone of the market was easy. Oats were fairly firm, and this cereal in our opinion could do better as the disappearance continues heavy. Meal prices were very strong for the nearby month although extreme advances did not hold. Other futures were lower, and there appeared to be a considerable amount of profit taking.

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The wheat [illegible] market [illegible] the [illegible] position, [illegible] we have continued [illegible] only few [illegible] future position [illegible] months, [illegible]

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DAILY MARKET LETTER

MEMBERS:
NEW YORK STOCK EXCHANGE
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MEMBERS:
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ALL PRINCIPAL COMMODITY EXCHANGES

December 11, 1961

With the imminence of the European common market, U.S. policy will be aimed toward eventual free trade; at least pressure will be brought to change tariff policies, and; if this occurs; agriculture as well as many of the nation's large and small businesses will be vitally affected. As a matter of fact, protectionists argue that many producers in our country cannot compete with imports produced by cheap foreign labor, but at the same time international diplomacy and politics are involved, and our position in the cold war is at stake. It might be pointed out that the United States last year had a favorable balance of trade of about $4.7 billion with a total of $19.4 billion worth of exports, of which about 25% were agricultural items. About $3.8 billion or approximately the same percentage of imports fall into this category including coffee, sugar, meat products, and crude rubber among others which partially offset the grain and grain products, cotton, tobacco, soybeans and oil which substantially make up the goods leaving our shores. The non-farm products that are imported by this country include textiles, paper and pulp, and petroleum in the main, while shipments of machinery, metals, chemicals and automobiles make up the largest percentage of American exports. Officials feel that by opening our markets to imports, the U.S. would help other free countries build up their economies and necessitate smaller amounts of foreign aid while at the same time tie them closer to our free enterprise principles. In the long run their prosperity would rebuff Communist efforts so that while both sides of the arguments are meaningful, inthe long run our government intends to cooperate with the European common market principle.

Over the weekend weather turned cold with some snows reported and the forecast is for more of the same, all of which is quite normal for this season. At the same time the CCC raised their offering price on corn Friday another 1/2¢, but the large quantities that have been marketed during recent weeks are still being digested, and perhaps lows for the season have about been reached. On the other hand, rallies should encounter additional government selling. Farmers have held beans in many cases because picking of corn was being completed, but now that most of this has been accomplished, first-hand selling of soybeans increased the largest amount since the height of the harvest but volume still is small. Producers are more interested in disposing of this crop with market prices near the lowest level, but it may be that even larger amounts will be marketed after the first of January to effect the payment of taxes in the current calendar year. Barring a change in the 1962 soybean support, which is not expected, the Soybean Association thinks next year's planted acreage will be about the same size as this year's.

There has been little evidence of farm selling of wheat in the Southwest for after the first of next year, but some advisors are encouraging producers to do just that as cash prices compare favorably with the loan. At the moment current sales are very light except from warehousemen who perhaps are long. Domestic flour business has dropped off after the large commitments that were consummated last week, and export sales at the moment are small, but further business is pending. Since the start of the present crop year, red wheat inspections for export total 27 1/2 million bu, which is approximately 2 million bu smaller than during the same reporting period last season. CCC corn sales since October 1st now amount to 120 million bu or more than ten times as large as last year.

During the week stocks of wheat in Chicago decreased 376,000 bu leaving 11.9 million. However, with the close of navigation, water shipments will be affected. Corn supplies decreased about the same amount leaving 16 1/2 million bu here while elevator oat supplies diminished by almost a million bushels. A small decrease occurred in rye leaving 1.7 million bu, but approximately 8 barges are in transit and will be unloaded and most likely tendered on the December contract as soon as they arrive. It remains to be seen whether or not a demand will exist for them, and consequently our market was very erratic but some profit taking occurred today. At the same time the Winnipeg market, which had advanced about twice as much as futures in Chicago, also encountered heavy profit taking late in the day.

Local bean supplies declined 1/4 million bu, but over 10 million bu are stored in this city and futures seem to be guided more by the products. When meal reacted this morning, soybeans, which had been higher, declined moderately but soybean oil firmed, and there is a good deal of spreading between the oil and meal. Wheat was lower and there have been deliveries almost daily on the December contract. Short covering was featured in corn.

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MEMBERS:
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EXCHANGES

December 12, 1961

At a time when we are reducing acreages on such a vast scale, it is interesting to look at the reverse situation in Russia, although we are far from frightened that the Soviets will equal or surpass our productivity during our lifetime, if ever, under their system of agriculture. First of all, they can never duplicate the levels of efficiency and productive ingenuity, which are called forth in a free society. This is the reason that we must be very sure that we preserve our own precious freedom at any cost. There are, of course, other reasons for the relatively poor agricultural results in the Soviet Union, not least of which is climate and severity of temperatures both in winter and in summer. For example, Yalta, which is at the southern tip of the Crimea, is approximately in the same latitude as Rochester, Minnesota; Odessa on the Black Sea is in the same latitude as Duluth, Minnesota. Much of the Soviet Union is thousands of miles from any body of water that might ameliorate the climate or provide a source of moisture. The Arctic Ocean, covered by ice during most of the year, plays no significant mitigating role. Not only is agriculture in the Soviet Union handicapped by the rigorous and protracted winter and the resulting short cultural season, but it is also hampered by deficiency of moisture over considerable areas.

Despite these handicaps we find that in the short span of time between 1950 and 1957, total acreage to all crops was increased from 361.5 million acres to 478.6 million. As a leading wheat exporting nation, the U.S. is interested in the increased Soviet plantings and during the seven-year period under discussion, Russians increased their wheat acreage by 76 million acres, or about 80%. This expansion occurred chiefly after 1954 by plowing up virgin and long uncultivated land east of the Volga River and the Ural Mountains in the sub-humid and semi-arid zones. Spring wheat, which accounts for most of the wheat land in that country, is planted on about 125 million acres, while total sowings are in excess of 170 million. This is in contrast to our own situation, where presently the government is trying to cut plantings from 55 million acres to possibly 45 million, or even less. Even allowing for the less favorable climatic conditions in the Soviet Union, our accomplishments are so much greater in the field of agriculture, largely as the result of a free enterprise system. Let us be proud of it, and let us have faith in it. Our agriculture has advanced more in the past 50 years than in all prior years of man's history. We have grown from a nation in which one of every four workers had to produce food to a nation in which one farmer is efficiently producing food for twenty-five.

Before our market opened this morning, there was not too much to guide it. We had severe weather in the Southwest, with Amarillo readings 8 degrees below zero but the drop in temperatures had been preceded by some snows; in fact, moisture was reported at many stations throughout Kansas and Oklahoma. Late yesterday, soybean exports were posted and were only 4.6 million bu compared with 6 million bu the week earlier and 5.6 million a year ago. Line elevators in the Southwest had made moderate wheat purchases from farmers but there has been a very tight holding tendency on part of producers generally, and it remains to be seen whether there will be much change in this direction even after the turn of the year.

The primary movement of wheat was fairly good at 1.1 million bu, which was the same as last week and compared with 762,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 235,000 bu.

Markets were not too active, but beans were fractionally lower and had a fairly good undertone considering that the meal market declined with the December delivery down the most. Not much attention was paid to the smaller weekly exports. Wheat was also weak despite a fair amount of flour sales. Now that navigation is about closed we think that the movement from here will be on a smaller scale. One local was a particularly good seller of the nearby month, but there was a little commission-house selling all around. In corn the December future was bought against sales of March at 4¢. This caused firmness in December but the later months were little changed. There appeared to be a little more hedging again which may have been against purchases from Commodity. Chicago free stocks now total 10.8 million bu. Japan bought some corn for last half December shipment, also there was some parcel business in soybeans. Rye prices were firm at times and we understand that some of the barges headed for Chicago may arrive later in the day.

The visible supply of wheat decreased 7.3 million bu for the week. Corn increased nearly 2 million bu, and beans declined 1.3 million bu. Total stocks in various markets are 20.2 million bu less than a year ago.

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MEMBERS:
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EXCHANGES

December 13, 1961

Secretary Freeman has been very critical of the fact that the average price of bread has risen from 14.3¢ a loaf (one pound) in 1950 to 20.3¢ in 1960, and charged that it would appear that the Bakers Association has taken every opportunity to increase the price of bread through the past decade, while none of the loss the farmer has suffered has been passed on to the consumer in lower prices. It must be understood that the price of bread cannot be analyzed solely in terms of the price of wheat because processing, transportation, packaging have all been factors in bringing about the higher price level, not to speak of an even more important factor: namely, of maintaining the quality of product. If we want full-weight loaves produced in clean bakeries, we naturally will have to meet the costs. It would be interesting to note what these costs are and we list them as follows:

Baking, slicing, wrapping, etc.	5.5¢
Selling, delivering, etc.	5.7¢
Pre-tax profits of bakers	0.7¢
Retailer profit	3.4¢
Return to farmer	2.8¢
Profit of millers	0.7¢
Other costs	1.5¢

When all costs are met, the baker gets only a thin slice and as it will be observed his profits before income tax amount to about seven-tenths of 1¢. It is not unusual to hear complaints of profiteering and we would call attention to the fact that the Encyclopedia Brittanica cites some historical examples where the temptation in the past was to blame the baker for increases in the price of bread. To quote this authority, we note the following paragraph: "In Turkey the lot of the baker was hard. Baron De Tott, writing of Constantinople in the eighteenth century, says that it was usual, when bread went to famine prices, to hang a baker or two, which was promptly done. A barbarous punishment, inflicted in Turkey and in Egypt on bakers who sold light or adulterated bread, consisted in nailing the culprit by his ear to the door post of his shop."

The increase in the government support price to $2 on basis of the 1962 wheat crop will come at a time when bakers are already under pressure from a profit squeeze. Rising wages and distribution expenses make it imperative that bakers modernize their equipment in order to hold down their costs. At the same time the thinness of profit margins, together with high taxes, makes it difficult for bakers to accumulate the capital needed to pay for the new equipment. If the price of bread is advanced to cover the cost of ingredients and to sustain quality, surely this is something that every realistic person should be able to understand. We do not believe that a slight increase in price will discourage consumption, but if the bread diet should be further reduced on a per capita basis, it would probably mean that a good many people are either watching their figures or else are sufficiently prosperous to afford other foods that may be more to their liking. We have pointed out recently how the increased consumption of meat has gone forward in the last decade, and since the human body can only accommodate a certain amount of food, it is natural that some commodities will suffer while the demand for others will expand. Surely we are fortunate that there is no scarcity of bread or wheat products as was the case during some eras, and which led to riots and even revolutions. As a matter of fact, even a country like China would be only too happy to pay more for a loaf of bread if it could be procured.

Primary receipts of wheat were small at 618,000 bu which was a little less than both last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 539,000 bu.

Wheat was very little changed except that the December future was down fractionally, and noon tenders amounted to 680,000 bu indicating rather light demand for the red wheat that is here. A local was a good seller. The UAR bought about 10 cargoes of yellow hard wheat and Formosa bought 2 1/2 cargoes of western white wheat. Bookings of flour have fallen off. It was reported that Red China had sold Japan 30,000 tons of soybeans at a price considerably lower than the American market. December meal ran into stop loss orders on the way up, and this caused some buying of soybeans. Corn was lower and the trade feels that the CCC will continue to sell inventory to pay their running expenses.

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DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
CHICAGO BOARD OF TRADE
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December 14, 1961

The current year which has been a prosperous one is nearing its ose. The business climate generally has been good but naturally sights are set on 962 and discussions have been presented by a number of prognosticators, and the llowing is a synopsis of their views. Industrial production and gross national pro-ict will continue to advance to new heights, and at the same time personal income id employment also should rise with wage rates steady and money and credit plenti-l. The government of the U. S. is committed to further large expenditures, and is, of course, stimulates the economy to a large degree but offers some further idget worries as public indebtedness will again rise. The current business cycle cline could carry through the next calendar year and the business outlook for the ecade remains optimistic even though periods of recession will appear as they his-rically have done in the past. The wage-cost problems will be emphasized in is country with the strengthening of most European economies, and the growth of e common market can provide sharp competition. Our gold problem is almost cer-in to get worse next year as cold war expenditures including large foreign aid ean greater deficit payments. All in all, there is reason for cautious optimism ong with an awareness of the problems facing our complex enterprise system. The ing to watch is the tremendous population boom which by present indicators means ere will be 210 million people in this country by 1970. Economic expansion should ontinue but there probably will be no boom such as we have experienced during ecent years.

An item in this morning's newspaper mentioned a reduction in . S. foreign aid to Poland and only $45 million will be given next year versus $100 illion in the past because of that country's Communistic leanings. The mention of 12 million being allocated for the purchase of rye brought buying into our market the start, although this is a bit confusing because there is no certainty that Poland ill obtain this grain from our country.

The most recent USDA tabulation on wheat acreage diversion has esulted in a rough estimate by the Department that final sign-ups of somewhere be-een 12 and 14 million acres will be recorded. However, officials expect about a 0% slippage in the acreage signed in excess of the mandatory reduction, so that nally a harvested crop of about 45 million acres, 10 million under 1961, is looked or. Perhaps this will be substantiated in next week's first production estimate on inter wheat for 1962. At the same time excellent moisture during the past few onths in the entire wheat belt certainly will aid yields, assuming a normal spring eason.

Otherwise there was little special at the start except that corn as a little better supported and it seems as though CCC offerings which have been lentiful, at a price, are being curtailed in spots, and as a matter of fact, com-ercial space is being filled rapidly. Temperatures which have been cold are oderating a little and this is the time of year when country pressure, at least, never very great. Tomorrow afternoon the government will provide final pro-uction figures for 1961 and concensus is that there might be a very small reduction soybeans. This commodity has been almost indifferent to the products and a good eal of the activity has been in the nearby meal; however, proft taking there was ffset by short-covering in soybean oil and a little better interest has developed in e latter product.

Rye held well although later reports contradicted the story about oland as a potential importer of rye. Some advices indicate that that country will e a net exporter and as of this writing there is still confusion over this morning's ewspaper article. It seems as though the author is attending the United Nations' ession and his editor cannot reach him for verification.

Otherwise grains were mixed with beans reacting towards the atter part of the session with the nearby meal subjected to further liquidation. Oil, owever, stayed rather firm and in answer to questions whether or not oil can be urchased for the long pull, we would say that if one has faith in the announced in-entions of the Agriculture Department to move large quantities overseas, then pro-ably our market will eventually respond. Deferred beans can be purchased on reaks but some liquidation in the nearby can be expected as Chicago stocks are lentiful. Most of the export business in wheat is for the hard variety and red wheat emand is light. A small portion of the rye barges have been unloaded and tendered n the December contract. We heard that meal will be delivered after the close.

UHLMANN & CO., INC.

DAILY MARKET LETTER

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MEMBERS:
CHICAGO BOARD OF TRADE
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EXCHANGES

December 15, 1961

It is, of course, of great interest to the administration and to President Kennedy to see that corporate profits are maintained at a high level. This will naturally have a great bearing on next year's federal budget, which the President will try to balance. He is counting on an extra $4 to 5 billion in corporate taxes to help offset higher federal spending. Even though profit margins may be squeezed tighter next year, corporations still will have the funds to increase investments and dividends. Profits retained after taxes are expected to be up $2 billion or so in 1962. In addition, an increasing share of the cash flow of corporations will be retained for depreciation allowances. These set-asides have gone up sharply since 1950....from $7.8 billion to $23 billion in 1960. This year they will come to about $25 billion. Of course, the government loses a good deal of money every year through income tax collections, which are either erroneously reported or in some cases where the taxpayer omits reporting income received. The Public Information Division of Internal Revenue Service figures that the government would receive $4 billion more if his estimate of $24.4 billion unreported income is correct. Half of this amount represents unreported business and farm profits, according to Commissioner Caplin. Other unreported amounts listed in the estimate are wages and salaries of $6.5 billion; interest, $2.8 billion; dividends, $900 million; annuities and pensions, $600 million; and other unreported income, such as rents, royalties, and capital gains amounting to $1.6 billion.

After the close of the market tonight, we shall have the final government report dealing with 1961 crops. The report will show the annual summary of acreage, the yield per acre, as well as production of all crops that were harvested last summer and fall, together with comparisons with other years. No important changes are expected, although the soybean crop was so late in being gathered that it is likely that there may be losses from the previous forecast. Corn and wheat will probably be in line with former estimates. There was a newspaper item this morning correcting a statement which had been made yesterday with reference to $12 million worth of rye that they claimed would be sold to Poland on credit. An apology was made for this error because actually the money will go toward the purchase of barley. As a result of this change in the news, we had a lower opening this morning, with the nearby delivery more affected than the later months.

According to Broomhall, U.S. wheat and flour shipments for the week were 12 3/4 million bu, and since the start of the crop season on July 1st, we have exported 312.8 million bu, which is roughly 52 1/2 million more than was shipped during the same period of 1960. Corn exports for the week were also heavy at more than 8 million bu, but the season's total of 58 million is just a shade larger than the clearances a year earlier. Rye shipments are up very little over those of last season, and so far total 3 million bu. We have heard a good deal of talk about CCC changing their corn selling program, inasmuch as they already liquidated about a third of what was necessary to recover the cost of the Feed Grain Acreage venture. All that we know definitely is that they did not sell corn for Chicago arrival yesterday although we believe that Chicago buyers could get corn from them on offerings at certain inspection points with Iowa grades, and then ship this corn to Chicago but at a price higher than previously quoted by Commodity. It is difficult to have definite convictions although in our opinion they still have large quantities that at one price or another will be sold during the balance of the crop year.

There was not much in the statistical news. The primary receipts were a little better and in keeping with both last week and last year. Kansas City and Minneapolis stocks decreased about 1 million bu so far this week. The visible on Monday will compare with a shrinkage last year of 6.6 million bu.

Wheat was rather firm and we heard some talk that red wheat may be loaded out of Chicago for shipment to the Gulf for export. Flour demand continues slow. Beans were firm and products were higher including meal and oil. We understand that Iowa processors are buying some beans that they can take by mid-January. Apparently farmers do this for tax reasons. Corn was under pressure and elevator interests sold. Operators increased their bids along the Illinois River which brought out a large quantity. On the break, however, there was good absorption and the market was not really weak. Rye was firm despite a denial of business to Poland. Oats did better and we favor purchases on minor setbacks.

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DAILY MARKET LETTER

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ALL PRINCIPAL COMMODITY EXCHANGES

December 18, 1961

Friday afternoon the final 1961 crop estimate was given by the USDA and increases were shown for most crops in comparison with the previous month's report with an exception being soybeans. Production of that commodity amounted to 693 million bu, or 7 million less than had been forecast in November, but even so 1961 output was by far a record, and despite larger crushings and exports during the current season, a new high carryover is likely next October 1st. The soybean yield of 25.3 bu per acre compares with 23.5 in 1960 and 21.4 average for the years 1950-59.

The corn program virtually can be classified as a failure. The new Secretary of Agriculture ran into the same problem as his predecessor: namely, weather which was near perfect during the growing season. At the same time, farmers' ingenuity and technical accomplishment gave us a 3,624 million bu crop, 284 million buless than last year's banner output but 610 million bu better than the 10-year average, and this is significant because 10 million fewer acres were harvested. In other words, the record yield of 61.8 bu per acre gathered this fall was far in excess of last year's 54.5 bu per acre and the 10-year average of 44.1. Other final production figures for 1961 included all wheat at 1,235 million bu, down 123 million bu from last year, and of this total 1,076 million bu was in the winter wheat category. The oat crop was placed at 1,013 million bu, down 143 million bu from 1960 and more than 1/4 billion below average. An increase of 1 1/2 million bu from the previous month was reported for rye making this year's output 27 1/4 million bu, better than the 1950-59 average but less than the 33 million bu harvested in 1960. Final flax production of 21.9 million bu was well below the previous year while sorghum output of 483 million bu was smaller than the 1960 crop, but, of course, acreage was idled in compliance with the Feed Grain Program.

Further efforts will be directed toward cutting surplus stocks of grain in this country, and an article in this morning's Wall Street Journal discussed administration policy formula in the next session of Congress and beyond, which will be aimed at taking additional land out of production. It will be the Secretary of Agriculture's desire to put marginal soil into pasture and forest while at the same time trying to move the smaller inefficient producers from farms to factory jobs. This, of course, is a large order, but at least reflects government thinking on the subject of agriculture, and any new programs should be along the lines of last year's Feed Grain Program and the 1962 wheat plan which stress acreage retirement. It is interesting to note in the light of Friday's crop report that with all the efforts made during this past year to reduce surpluses in the major producing states, rewards are debatable. For example, Iowa, the nation's number one corn state, raised a crop of 747 million bu in 1961 or 26 million less than the previous year. Illinois, Indiana, and Ohio, the three other major producers, each cut output by about 41 million bu.

Otherwise there was not much news over the weekend, but Tuesday afternoon the USDA will project the first estimate of 1962 winter wheat based on December 1st conditions. Rye acreage also will be announced. Our markets were guided by final crop figures at the start, but December contracts will expire tomorrow, and a good deal of evening remains in a number of pits. Domestic sales of CCC corn for the week ended December 8th amounted to 54 million bu and since the start of the season 176 million bu have been disposed of. Broomhall reports that wheat harvesting is well along in Argentina while heavy rains over the weekend delayed the gathering of flax. Harvesting in Australia is also well along under variable conditions.

During the week wheat stocks in Chicago declined 500,000 bu leaving less than 11 1/2 million bu. Corn increased a million bushels to 17 1/2 million while oats decreased 361,000, leaving 6.5 million bu. Only part of the barge shipments of rye were unloaded and elevator stocks increased 95,000 bu but this will be added to when the balance is unloaded. There was only a small decrease of beans in elevator supplies locally leaving 10.3 million bu.

Markets were mostly lower and, with 7 million bu of December rye still open as of today, that grain might have some erratic price moves before tomorrow's close. Beans were on the easy side with meal lower, but oil was fairly well supported and there was no particular feature as even with a smaller production figure, the crop is more than adequate. Corn declined and some months registered crop lows. The wheat visible decreased 6.6 million bu.

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DAILY MARKET LETTER

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MEMBERS:
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ALL PRINCIPAL COMMODITY
EXCHANGES

December 19, 1961

The production expenses borne by farmers will probably reach an all-time high this year of about $27 billion. An increase of about $500 million the past twelve months, or 2%, is naturally difficult to make up by additional farm income, but yet the latter figure is estimated at $12.7 billion, which would be an increase of 8% over 1960, and the highest since 1953. The farmer's costs have gone up sixfold in the last half-century, for in 1910, total production expenses amounted to only $3 1/2 billion, and even as late as 1935, they were less than $5billion, but there has been almost a steady increase annually due to inflationary costs and other factors. Farm income in 1962 is expected to continue at approximately the same level as this year. Cash receipts from farm marketings next year will total about the same as in 1961 as the volume of farm marketings is not expected to be greatly different from this year's total and the average price received for all farm products also points toward little change. Government payments to farmers next year may be up slightly but this gain is expected to be offset by fractionally higher production expenses with the end not yet in sight. Of course, farmers are buying more and better equipment by way of motor trucks and other machinery, which in turn reduces the demand for the number of workers on the farm, but at the same time it is costly particularly when the various taxes are included, so that between the government take and inflation, these items add to the farm cost of doing business.

Every time our government spends a billion dollars, it taxes the average American family another $25. Conversely, although it does not happen often, every billion dollars which our government saves decreases the tax load for the American family of four by $25. So many of these taxes are hidden that we either fail to see them or do not comprehend their importance to the economy. For example, there are 150 taxes on one lady's hat. Even the air in the tires of a farmer's truck has four hidden taxes. When we become more explicit, counting the indirect as well as the direct taxes, there are more than 1,000 on one quart of milk. Taxes have crept up on us like too many beers, and in addition to the federal take there are the various state taxes which add one-third to the price of one quart of milk. It is for reasons of this sort that the farmer, like others, feels oppressed, and in order to increase his net income the public must bear continually higher prices for the various items that are produced. The government is attempting to cut our surpluses. However, in reducing the acreage of corn and permitting heavier seeding of beans, we may be transferring our troubles to another product. Some analysts now think that our carryover next October will amount to 90 million bu. This is due to the fact that exports are not running much above last year. If we have another large crop in 1962, and a continued high support, the situation might become more perilous for the farmer two years hence.

After the close of the market today, we shall have a government indication of how much wheat may be produced next summer but this willbe surrounded by hypothetical indices because it cannot be definitely stated at this early date how much reduction in acreage will finally take place. Furthermore, today's forecasts are hazardous at best and until we know the abandonment and the type of weather to be expected next summer, the final results are bound to be nebulous.

Primary receipts of wheat were 1.1 million bu which was pretty much in line with last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 188,000 bu.

A good deal of attention today centered in the evening up of December contracts, and this had to do mainly with rye and meal. At the opening this morning there was 5.8 million bu of rye either to be settled or delivered, and for that reason shorts were on the defensive a good part of the day as Chicago stocks are considerably less than that figure. However, there is still time to bring in rye to Chicago from the Northwest. There was also covering in soybean meal and in December wheat. Other news was of a less important nature. The only important flour business was to Syria, and domestic trade is rather light. Japan bought 3,000 tons of soybeans for February shipment while the U.K. took a lesser amount via the Atlantic. The country continued to sell corn to Illinois River elevator buyers, and that market was weaker, but the main factor has been the heavy government liquidation which we mentioned earlier.

The trade has very little idea as to what the government report may show this afternoon, but a fairly large acreage reduction in wheat is indicated based on government sign-ups.

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December 20, 1961

Yesterday afternoon the government issued a crop production report based on December 1st conditions. Despite the Secretary of Agriculture's efforts to reduce acreage, next summer's crop should be large. The official estimate places output at 944 million bu and historically the first estimate is low compared to the final outturn, but during the past ten years the December report was within 112 million bu of the harvest figure. Weather is again playing an important role as winter wheat was planted under ideal ground conditions in most sections, and as a matter of fact, there have been complaints in the Southwest that some of the fall seedings could not be accomplished as the soil was too wet. At least 10% of the wheat acreage must be left idle in compliance with the 1962 program, and this was shown in yesterday's report, but USDA officials have indicated that this figure can be expected to grow, and under the plan farmers could reduce as much as 40% of their acreage. However, poor land might later be plowed up and the possibility of good yields is already evidenced, so that finally surplus reduction might be very small. As one exporter pointed out, with the large winter wheat estimate, Washington officials might be encouraged to allot larger P. L. 480 authorizations for red wheat to foreign countries because the supply situation appears less worrisome on the basis of the present indicated crop.

Rye condition was placed at 89% of normal, which surprisingly is better than last year, and acreage at 4,753,000 is up 15% from both last year and the 10-year average of 4.1 million acres. Many areas of our Northwest are still dry and extra land was seeded out of fear of blowing. Production is not estimated in the December report because a large percentage of the rye acreage normally is not harvested. This grain was lower on the basis of this crop report which indicates possibly more bushels next year plus the fact that cash offerings after the December contract expired were lower than the closing range. A total of 445,000 bu of this grain was tendered yesterday afternoon. At the same time 200 lots of meal were delivered, and, since the nearby month was at a big premium, late liquidation occurred.

It is difficult to expect much general price movement between now and the end of the calendar year. In wheat much depends on country selling in January and at the moment there is no indication of large offerings. Insofar as corn is concerned, it is interesting to note that CCC domestic sales are approaching the mid-way mark since the start of October with a large percentage having been liquidated during the past two weeks. This government agency had indicated that they would sell somewhere between 600 million and 700 million bu during the entire season, so that it might be that they are reaching a point where they can reduce the amount of corn moving into domestic channels. With futures prices depressed, we would be reluctant to go short this grain here on the theory that curtailment of CCC selling might permit small rallies. It might, therefore, be advantageous to be in a position to take advantage of such circumstances.

Export workings overnight included 12,000 tons of soybeans to Denmark, and parcels of corn sold to the U.K. and the Continent. The U.A.R. is expected to purchase a large quantity of flour next week, while various smaller amounts of wheat probably will be worked. Unofficially Canadian sources discuss the possible sale of both barley and wheat by their country to China.

Primary receipts of wheat were small and compared about the same as last week. Kansas City and Minneapolis stocks have decreased 271,000 bu so far this week.

Price changes were narrow with the exception of rye which was under last night's close all morning. Commission houses were on both sides of the market with trade comparatively good. Otherwise there was little feature. The soybean meal firmed near the close but oil was about unchanged, and nearby beans were fractionally lower. Commercial needs are probably adequate until the end of January or thereabouts, and that also is the final date for loan sign-ups. After that period there should be better demand by crushers and exporters, especially since the government will not liquidate holdings until next summer, and consequently cannot be competitive until then. Since Chicago stocks appear ample, we would think that carrying charges will be in evidence possibly for the remainder of the season. Consequently, some desirable spreads can be suggested between nearby and more distant months. The July, in particular, could lose on August, September, and even November if next year's loan remains the same and adequate stocks of beans stay in our market.

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MEMBERS:
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December 21, 1961

Before the world depression and the declining world market prices for grains in the late 20's, tariffs constituted virtually the only trade restriction that was imposed on grain imports by deficit countries. In most cases, duties were imposed mainly for revenue purposes. Today, however, measures have been adopted by importing countries that include price supports at much higher levels than those at which grain can be purchased from surplus producing countries. There is also the compulsory use of fixed percentages of homegrown grain. Also, we note the subsidies to mills, processors, and consumers to soften the impact of high support prices. There are also internal price and marketing regulations, as well as import controls, such as quotas, licensing systems, price equalization fees, and foreign exchange controls. Besides all this, there are bilateral agreements assuring markets to signatory exporting countries, and on top of all that, there are the state import monopolies.

Here at home we have so many artificial factors that the small grain merchants are being driven out of the trade. The huge government accumulations are sold from time to time in competition with the stocks held by private interests, and as we pointed out a few days ago, in one single week the government sold 61 million bu of corn tocover expenses incurred in paying farmers to cut acreages. The corn and feed grain program will undoubtedly be continued for a series of years and following close on its heels will be the efforts to cut acreages in wheat, so that finally every farmer in the country will be regimented, and it may not be too long before he is told how much he may sell and at what periods of time. As someone put it very aptly, today's complex economic situation has made amateur financial analysts out of most of us and has brought on a "do-it-yourself" necessity of gigantic proportions and has made tranquilizers a national confection.

In Germany today monthly minimum and maximum producer prices are fixed for wheat, rye and brewing barley, and annual minimum and maximum prices for oats and feed barley, so that there is almost complete socialization of agriculture in that country, and the tendency in this direction seems to be growing worldwide.

Before our market opened the crushing report was published and for November grindings amounted to 38.5 million bu, which was somewhat larger than last month and last year, but the season's total is only about 2 million bu in excess of 1960, but stocks of meal on hand are about the same as they were a month ago, and are considerably lower than last year. According to The Southwestern Miller, line elevators indicate a fall-off in farm selling but this is the time of year when this generally happens. The UAR is receiving offers on 2 cargoes of Gulf hard or yellow hard wheat and may buy as much as 37,000 tons. Otherwise commercial business in wheat is rather dull. There was some commercial buying of corn futures this morning, and we rather feel that while the carrying charge is a handicap to bullish operations, the short side of the market should not be pressed on breaks. The number of farms in the Southwest that have been signed up for 1962 acreage reduction has amounted to 70% in Kansas and Oklahoma, and 75% in Nebraska. The sign-up in Illinois is only to the tune of one-seventh of the farms, Indiana one-sixth, Ohio about one-fifth, with other soft winter wheat states also on a much smaller scale than in the hard winter wheat states.

Primary receipts of wheat amounted to 883,000 bu which was slightly more than last week and last year. Stocks at Minneapolis and Kansas City show a net decrease of 229,000 bu.

Trade was not heavy today although volume might have been slightly better than yesterday. Wheat was without any feature whatsoever. Bakery flour business is near a standstill, but if there should be any red wheat business for export after the turn of the year, the nearby deliveries could be a little more influenced than the deferred as we doubt whether there will be much country selling in our part of the country. Corn was a little higher and, as we have noted, we would be cautious on the short side after a severe break such as we have had. The pig crop report showed a 2% increase for the spring crop over 1961. The total is a gain of 5% from last year. January meal was very strong and apparently we are not accumulating stocks. This had some bearing on the soybean market which was higher although the oil market was very little changed. December rye was firm, but the later deliveries were lower and the trade has in mind that next year's crop might be considerably larger than the last one.

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December 22, 1961

When the American farmer sits down to his Christmas Dinner next Monday, he and the members of his family may well ponder over the eventful happenings of the past year. Producers in the southwestern part of the country had considerable worry when hurricane Carla brought excessive moisture in mid-September to areas from Texas all the way to the north central states. However, crop damage from the hurricane winds and rain was limited since considerable acreage of crops in the impact area had been harvested before the storm. Hurricane Esther brought welcome moisture to the East Coast with only limited damage. Following these major storms, rather frequent showers kept soils wet in the central part of the nation. In contrast to the ample or excess moisture, the northern plains section of the country, (and particularly the spring wheat areas) were adversely affected by weather. Drought conditions caused spring wheat production to be 34% under last year and 39% below average. The season in the Northwest started with no moisture reserves, while spring rains were less than normal. High temperatures in late June accentuated moisture shortages and severely damaged crops in eastern Montana, North Dakota, northern Minnesota, and adjoining areas in Wyoming, and South Dakota. The July showers brought only partial relief and on the whole it was a very bad season.

Probably of equal importance was the government program which induced farmers to cut acreages with the result that the total of 296 million acres harvested in 1959 for the most important crops was the lowest since the comparable series started in 1909. The decline of 6.4% from 1960 was the greatest percentage change in one year except for the rather violent fluctuations that occurred during the major drought periods in the mid-1930's. As we have pointed out frequently, the corn acreage alone declined by 13 million acres but yet with additional fertilizers and good weather we still had extremely good results. Actually the yields for many crops set a record high in 1961, and notably, corn reached a new per-acre yield while a good many other crops fell under the same category. The yields of alfalfa hay, all hay, rice, and peanuts were second highest of record, while the winter wheat yield was third highest of record. Altogether total crop output was only 2% under 1960. However, the variations over the country were great, as we have mentioned, and final results were attributable in large part to moisture and soil conditions.

Soybeans, in the oilseed group, outdistanced other crops by setting a sharply higher production record in 1961. Farm income was also a pleasurable item to farmers even though a good part of this came from government payments in return for reduced plantings. The production of rye was 18% less than the large crop of 1960 but yet was 14% above average. In the far Northwest, Washington and Oregon were plagued with above-normal temperatures much of the time from mid-summer to the end of the season. This resulted in high water requirements and some damage where the water reserves had run out late in the season. In many cases judicious rationing of irrigation water enabled farmers to bring parts of the planted acreage through the season with only limited losses. Altogether the loss of acreage between planting and harvesting was up sharply from the low level of the year before due to weather excesses but still was below average.

Looking ahead, the winter wheat crop promises to be much larger than average but, of course, with a mandatory reduction in plantings we will have losses in comparison with the past few years, which were exceptionally favorable. On the other hand, the rye crop promises to be bigger with plantings increased, while condition is higher. It is impossible to forecast too far ahead because the spring wheat crops will not be planted for many months yet but it is probably safe to say at this time that more than average rain will be needed to overcome the drought and low moisture reserves, which presently exist in spring wheat sections of the country because even snows if they are heavy may cause some run-off, and, therefore, spring and summer weather will be the determining factor. It should be another year of reduced feed grain plantings and weather may be less propitious.

WE WISH YOU ALL A VERY MERRY CHRISTMAS!

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MEMBERS:
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EXCHANGES

December 26, 1961

Prior to adjourning of the Christmas week-end on Friday, we received the impounding figures released by the USDA giving price support activity through the end of Nov. Since the start of the wheat season July 1st, 245 million bu of the 1961 crop had been placed under loan, but since almost 40 million bu have been redeemed, 204.8 million bu still were under support at the end of last month. This compares with a much larger total of 365 million of the 1960 wheat crop put under government seal through November of that year, and as a matter of fact, including redemptions this year's is the smallest quantity impounded for that period since 1957, the reason for this being high free market prices especially in the Southwest, and in some cases they are well above the effective support rate.

Other figures include less than 12 million bu of corn under loan for the first two months of the young season compared with 21 million bu last year when the crop was larger. 17.6 million bu of oats are under support as of the end of November compared with 14.9 during the first five months of the crop year. Most important marketwise was the soybean loan statistic of 70 1/2 million bu, which is a fairly large figure even considering the size of the crop. Comparisons with last year are meaningless because at that time supplies were short and prices eventually went to a tremendous premium in relation to the loan. It can be projected that the previous high seasonal soybean loan impounding figure of 140 million bu will be surpassed, but by just how much it is difficult to say. Noteworthy is the fact that a carryover of as much as90 million bu can be expected next October 1st, and even though this implies plentiful supplies during the balance of the season, it alsomeans that either redemptions or government selling upon takeover will be necessary in order to supplement free market needs. At the moment first-hand offerings have improved in comparison with post harvest country selling and a cash price of $2.50 probably would buy almost all the soybeans available. A large quantity would move at a lower figure so that price appreciation of any consequence at this date is not deemed likely. According to a University of Illinois economist high meal prices early in the season especially during the December-January period ordinarily result in a gradual erosion of meal values during the spring and summer months. Since strength has been displayed in this product during recent weeks and crushings are being maintained at a near capacity rate, it is logical to expect plentiful supplies of meal as time passes.

From July 1st through December 14th wheat and flour exports are given by Broomhall at 320 million bu vs 260.5 million during the same period last year. Overseas demand for this grain continues and Yugoslavia is reported to be negotiating for a $30 million authorization while the U.A.R. has asked for offers Wednesday of possibly 1 million or more cwts of flour. At a later date Poland is expected to buy a large quantity of hard wheat. Other clearance figures include 67 million bu of corn for the first 2 1/2 months of this season vs 59.6 million one year earlier. Only 6.3 million bu of oats have cleared since July 1st compared with 16.9 million last year and 3.1 million bu of rye have been shipped, and this is only a shade more than a year ago.

Cold weather, though seasonal, may be aiding feed grain demand somewhat, but despite some recent indications by the CCC that domestic sales might let up temporarily, that government agency continues offering large quantities of corn and prices consequently remain depressed.

During the week wheat stocks in Chicago decreased 448,000 bu leaving under 11 million bu including that which is afloat. Corn increased 415,000 to 17.9 million bu while oats decreased 400,000 leaving over 6 million stored locally. Rye stocks, of course, increased 186,000 reflecting the barges which were unloaded, and almost 2 million bu are in this market now. A small increase in beans brings elevator supplies to 10 1/4 million bu. This commodity was higher influenced by the impoundings reported, but export inspections which should be published later today might compare unfavorably with those of the same week last year as shipments have not been especially heavy.

Otherwise grains were inactive but lower with wheat and rye declining as much as 1¢ a bushel or more while corn was fractionally lower. The main feature in the market was spreading with specific news lacking.

The wheat visible decreased 3,807,000 and there are 12 1/4 million bu less on hand than in 1960.

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MEMBERS:
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EXCHANGES

December 27, 1961

The trend in farming is still toward fewer units but an increase in the size of old ones. Many farmers continue to seek additional land in order to increase their efficiency, and this appears to be the major factor supporting a strong undertone for farm land. As a result, farm real estate prices are rising again after stabilizing temporarily in 1960. It appears as though the 1961 farm income would reach the highest levels since 1953, but the rise has resulted largely from increased government payments to farmers under the feed grain and wheat programs, as well as higher support prices, although a larger volume of marketings of farm commodities has also been a factor. During the year soon ending, the feed grain program raised support prices but required farmers to reduce corn and grain sorghum acreages before they could qualify for price supports. However, it provided payments similar to those of the Soil Bank program for land withdrawn from production.

The payments for reducing acreage of these crops were made largely in the second and third quarter and totaled about $700 million. As a result, farmers reduced the acreage planted to corn and grain sorghums 18 and 29%, respectively. As we have since found out, with the exceptionally favorable weather over almost all of the larger crop-producing areas, relatively large applications of fertilizer and close attention to other factors affecting crops, it brought about a sharp increase in yield per acre from last year's record levels. Feed grain supplies in the 1961-62 feeding year will be about 6 million tons below the preceding year, reflecting the cutback in acreage, while total utilization, including exports, is expected to exceed production for the first time in ten years. Feed grains, which were slightly higher this fall than a year ago, will probably remain above the year earlier levels, despite heavy government selling which has taken place thus far and will probably continue.

Before our market opened this morning there was not much to guide it except that late yesterday the soybean exports for the week were given at less than 3 million bu, which was a reduction from 3.5 million the week before, and last year's shipments of 4 million. Cumulative inspections for export thus far are only a shade higher than last year, and from this we would judge that we may not reach the high shipping goals which some people had hoped for earlier in the season. Cash meal was available this morning at $57, with offerings somewhat lower than yesterday, and the recent advance in price has been quite rapid. Export flour business, according to The Southwestern Miller, was extremely dull. Some business is likely to go through shortly, but in the meantime commercial demand is quiet all around. Farm selling over the week-end was light, and there was no hint whatsoever of any turn toward increased liquidation during the remainder of the year. On the contrary, country advices stress much tighter holding on any further setback in price. There are even some fears that the impoundings may expand between now and the expiration period, January 31st.

A tariff-cutting agreement with the European common market is now under negotiation, and if the results are successful, it is expected by the Administration to help ease the way for liberalized foreign trade policy next year. Both sides have apparently reached a meeting of the minds on industrial goods but agreements have not been decided on farm products.

Primary receipts of wheat were light at 615,000 bu which is usual for this time of the year. It compared with 562,000 bu last week and 743,000 bu last year. The wheat stocks at Kansas City and Minneapolis so far this week show a net increase of 31,000 bu.

Markets were extremely quiet and there was not much feature. Wheat was a shade lower due mainly to lack of commercial business and speculative trade was dull. Beans were influenced by lower prices for products and the smaller exports, but the decline in the market was not very impressive and trade on the whole was small. March rye was firm but there was not much feature to the balance of the list although Winnipeg prices finally showed a reasonable decline. Corn was firm although the primary movement was large at 3.3 million bu or nearly four times as great as last year. We do not care to press the short side of the market although we feel that for the moment carrying chages will be a deterrent to bullish operations. Next year, of course, could bring about a different situation if weather is less propitious and with reduced acreage we will have a smaller crop. The oat receipts are light and the disappearance of this cereal continues to be fairly big.

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MEMBERS:
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EXCHANGES

December 28, 1961

A great deal of thought is given the subject of inflation and the constant price rise motivations. The Secretary of Agriculture has pointed out that food prices have advanced to a lesser degree than almost all other consumer products, and as a matter of fact, of a dollar spent at a supermarket only 40¢ reverts to the producer. As we know, the 60¢ spread between farmers' return and purchasers' cost goes for such things as transportation and processing functions, including freezing, warehousing, packaging, and then more transportation from the wholesaler to grocer, and finally there is a certain retailing charge. At the same time, selling, research, advertising, and many other expenses must be incurred the same as are found in most manufactured items. In this general manner, food, clothing, and household goods, as well as almost all the products we buy, come to us at a greater expense than ever before because each step along the way has been affected by rising costs, and included is the most important fact that wages have advanced at the most rapid rate of all, adding further to the retail value of most articles.

High wages are especially reflected in consumer spending for services. It is fortunate that a larger number of people can afford more luxuries and leisure time than ever before, and it is for this very reason that our society is more dominated by various services, and this year outlays in that category will exceed $140 billion, or about one-fourth of the gross national product, and make up approximately 40% of all consumer purchases. The biggest item is housing where 32% of the service dollar is spent, and is followed by personal business including such things as non-mortgage interest, life insurance investment, and bank fees. Household operation is next in line and this includes gas and electricity, telephone, and water charges plus domestic service and other miscellaneous expenses. Smaller amounts are paid for medical care, as well as recreation, private education, foreign travel, and not to be excluded, personal appearance, which is a growing industry. All of this, of course, provides more outlets for a potentially larger labor force and is vital to a healthy and expanding economy.

Markets are without particular feature, and there is a lack of news at the moment, which has meant narrow price ranges for most commodities. Despite very cold temperatures for this time of year, corn barely responds and the CCC continues to sell substantial quantities. Their Evanston office reports sales of 22.6 million bu of corn for the week ended December 22nd. Despite reasonably large impoundings to-date, soybean prices did not advance because free supplies in the country are in excess of immediate crushing and export needs, and at present levels farmers can obtain a return equal to, or, in some instances, above the country support rate. Tomorrow is the first announcement day for deliveries on January contracts, and it is felt that a fair quantity of beans will be tendered. The much talked-about agreement between our country and Yugoslavia has been signed for long term credit on 500,000 tons of wheat and 30,000 tons of edible oil, amounting to $45 million,for payment in the latter country's currency.

Primary receipts of wheat were again light at 735,000 bu although last year for the same date they amounted to only 543,000 bu. Kansas City and Minneapolis wheat stocks so far this week show a net decrease of 145,000 bu.

Trade again was rather small but there were some changing orders in the pit, and this comprised a fair portion of the total volume. In corn there was a tendency for the deferred months to be firmer than the nearby and widening carrying charges also characterized the bean and wheat markets. In rye, of course, we have a different situation and nearby deliveries are stronger than the later months. The UAR was awarded 50,000 tons of flour for February shipment. The Continent took some parcels of milo, and Japan is said to be inquiring for corn. Otherwise commercial business was not too active. The meal market turned firm after yesterday's weakness which may have had some influence also on beans, but with a limited trade there was not much enthusiasm in this pit and daily volume has contracted quite a little. For example, yesterday only 17.7 million bu were traded which was just a shade more than the amount of wheat transactions. In corn where the volume was 16.2 million bu, quite a little of the business seemed to be by way of spreading according to pit analysts. The volume of rye is small and yesterday with 4 million bu, even small orders had more than their usual effect pricewise. Today there was a firm undertone.

UHLMANN & CO., INC.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
CHICAGO BOARD OF TRADE
ALL PRINCIPAL COMMODITY
EXCHANGES

December 29, 1961

Another year is drawing to a close. It was one in which the farmer was fairly prosperous although a larger part of his income came from government funds in connection with the Acreage Retirement Program. These acreage reductions in major crops, particularly feed grains, prevented the 1961 total crop production from reaching record proportions. Because of the fact that land was taken out of corn and sorghum grain, larger sowings were permitted to soybeans, and production accordingly rocketed to a new record which was 25% larger than last year and 19% greater than the previous high in 1958. The sharp rise came from a record yield of 25.3 bu per acre and a 16% increase in acreage that was harvested for beans. In spite of the fact that there was dry weather after the season started, which reduced yield prospects in southern areas, the final results were still very good.

We apparently have not yet learned that there are too many in this land who are striving with all of their energies to make the farm problem a political issue. This is deplorable for our agriculture is neither Republican nor Democratic - it is American and should be treated as such. Through their enterprise, initiative and self-reliance, our American farmers have done much to lift the standard of living higher than has ever been known before in any land or at any time. It costs an average industrial worker in the United States only one hour's pay to buy a normal meal for four persons. This normal meal consists of beef sirloin, potatoes, cabbage, bread, butter, milk and an apple. It can be had for 60 minutes of industrial labor. In Canada it takes 69 minutes, in Germany and England it takes 2 hours, in Austria 4 hours, in France 4 1/2 hours, in Italy 5 hours, and in Russia it takes still longer. Farmers are actually the most numerous single class of businessmen in this nation. They constitute about half the business units of the United States. They have done marvels in producing an abundance of food and fiber, and their productivity is growing more than twice as fast as the productivity of workers in industry. Since 1950 the output per man-hour in non-agricultural industry has risen 2% per year, but in agriculture the increase has averaged 5% per year. Whether the new programs will bring about a better balance between supply and demand remains to be seen, but in the meantime it may be said that the remarkable upsurge in our agricultural efficiency has given all of our people far better diets and has helped to give them far better health. It has released manpower for industry and the professions. The fact that certain of our farm members have left the farms on which they were raised and have gone into industrial pursuits is not necessarily a bad omen.

The sound course for the future is clearly charted, but we are not sure that it will necessarily be followed. We need less government in the farm business, less politics in agriculture, and better ways must be found to take care of the impoverished people in other parts of the world who are suffering from starvation and hunger. It would be well if an old-time lesson could be learned, namely that the test of any government policy, whether it be agricultural or otherwise, is only good if it can effectively influence and improve the character, morale and well being of our people. No group in America is in a better position to contribute to this need than those who live on the farms and ranches of our great country. We do not believe that price supports which prevent production shifts toward a balanced supply in terms of demand, nor any price supports artificially high which encourage uneconomic production and result in continuing heavy surpluses and subsidies, can be lasting. We should have learned by now that inefficiency should not be subsidized in agriculture any more than it should be in any other segment of our economy. Every bushel of wheat that is exported is subsidized to the tune of 55 to 90¢ per bu, and this is due in large measure because the domestic price is placed artificially high when supports are adopted above the value or merit of that commodity. Many of our farmers have lost far too much of their freedom to plant, to compete or to market and to make their own decisions. Surely they would not in the long run be benefited by a further Socialistic trend that would deprive them of more of their rights.

Our hope and prayer for 1962 is that we will realize that the so-called farm problem is not just a farm problem by itself but is a national problem and should be worked out in an intelligent and practical manner. Those who believe otherwise insult the integrity and understanding of our farmers. There is no better time than the first of the year to check the road signs of our destination and recharge the dynamo of determination.

WE WISH YOU A VERY HAPPY NEW YEAR!